The CREDIT WORLD

JULY "UNITED WE STAND" 1942

The CREDIT WORLD

L. S. CROWDER, EDITOR — ARTHUR H. HERT, ASSOCIATE EDITOR

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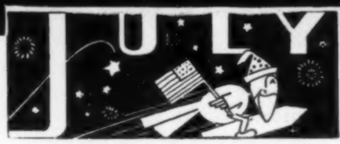

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CONTENTS

Feature Articles

Departments

Other Highlights

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Editorial and Executive Offices . . . . Shell Bldg., St. Louis, Missouri

Advertising Representatives, T. W. Farrell, 64 East Lake St., Chicago, Ill., W. J. Delaney, 9 Rockefeller Plaza, New York

Washington Representative, R. Preston Shealey, Colorado Bldg., Washington, D. C.

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This Month's Cover

"The American Flag"—symbol of the United States—can be understood by every eye that beholds it. No other one thing encompasses the whole of America nor brings to mind so readily the valorous history of our past and the stern demands of our unknown future. This flag has rallied Americans from Valley Forge to Bataan and never will cease to inspire determined men and women to keep it flying in freedom.

"Long May She Wave"

★

REGULATION "W" ... HOW TO SOLVE ITS OPERATING PROBLEMS

The Kardex Customer History Record is a proved-in practice credit-control system. To its scores of famous users, both large and small, the introduction of Regulation "W" is no operating problem. To the ever increasing numbers of key stores that adopt it daily, it provides an IMMEDIATE answer to their current credit control requirements.

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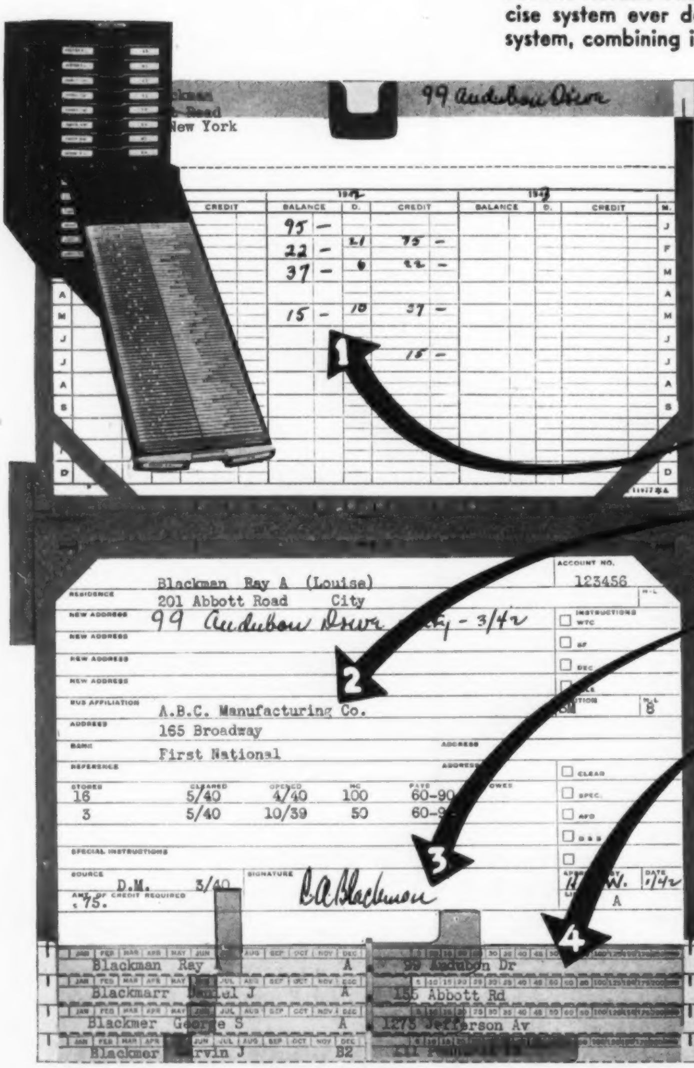
What's more, you accomplish all these gains with greater operating speed than you've ever known!



A typical KARDEX CUSTOMER HISTORY RECORD

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1. Here is entered all previous purchasing and paying experience—amount of last bill, cash received to date.
2. Here you have your customer's original application for credit, with every detail of his credit history.
3. "Charge takes" can be checked quickly from the customer's signature, a part of this single record!
4. The famous Kardex Visible Margin provides an instant summary of credit data without consultation of the form itself. At the right a moving Graph-A-Matic signal flashes the Amount of Credit Granted since the closing date of the last bill.

At the left, a moving vertical signal indicates the month of the oldest unpaid balance. Credit granting is handled in seconds with complete conformance to Regulation "W" requirements!

Phone or write your Remington Rand branch for free details

REMINGTON RAND INC. RETAIL STORE DEPT. BUFFALO, NEW YORK

Regulation W

Hon. Ronald Ransom
VICE-CHAIRMAN
BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

The American people have been asked in many ways to respond to the needs of the hour in protecting and stabilizing our economic front. In the field of retail credit, Regulation W is the contribution to this cause. Here is a straight-from-the-shoulder message by Honorable Ronald Ransom, Vice-Chairman, Board of Governors of the Federal Reserve System, which every credit granter should read. It was given at our 30th Annual Conference and Credit Sales Forum at New Orleans, June 17.

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IT WAS A PLEASURE to accept your invitation to appear on this program, because your officials assured us who represent the Federal Reserve System at your Convention that we would have the benefit of a general discussion of the problems of regulating consumer credit. The views of those subject to governmental regulations are invaluable to administrators. We welcome the opportunity to explain the policies underlying the Board's regulations and the objectives we seek to achieve. Regulatory action can best be developed through consultation with those whose affairs are subject to regulation. They should have every opportunity to present their views based on their practical knowledge and experience in the daily routine of business.

Meeting with you affords an opportunity to express to your members the Board's appreciation of the cooperation extended by the officials and members of your Association. Your officials have always responded willingly to our requests for conferences and discussions. They have been most helpful.

As a member of a Board of six, I can speak for the Board only in connection with matters on which the Board has acted and publicly announced its policy. Otherwise what I have to say is necessarily an expression of my individual point of view.

Regulation W should be viewed in proper perspective. Accordingly, some reference to its background is necessary. Beyond everything else, all of us have one objective that takes precedence over all others: the defeat of Germany and her treacherous ally Japan and her contemptible Fascist allies in Italy. The Axis powers have conspired to destroy all of those freedoms on which democracy rests. We are united as never before to defend our nation regardless of cost. This was inevitable from the moment the Nazi scheme of things came into being. These lawless and ruthless enemies of freedom, in their lust for world domination, recognized that their conception of government and ours could not both exist in a world made small by the elimination of distance and time. Fortunately for civilization, our President foresaw the course of events, and understood the meaning of this world revolution, which has imposed upon our country unprecedented burdens and responsibilities. That we will win, there is no longer the slightest doubt.

Our primary obligation, of course, is to supply the man power, the munitions, planes, tanks, ships, and other war materials, which somewhere on the globe will mean the final destruction of the tyranny we oppose. We fully realize now that this is a total war, demanding an all-out effort, in which civilians as well as the armed forces are active participants. It is not merely a mechanized war—a war of material production. It is as well a war on the psychological plane, in which propaganda is pitted against morale. It is also a war on the economic front.

Nazi propagandists have predicted confidently that we could not achieve the war production goals set by the President. But they have added, inconsistently, that if we did it would be at the cost of ruinous inflationary developments on the economic front. American industry and labor have already given the lie to the first prophecy. It is up to all of us to prove them equally false prophets in measuring the ability of the American people to rise to the needs of the hour in protecting and stabilizing the economy.

Our people have shown, by innumerable evidences and tests of public opinion, that they are willing and eager to subject themselves to taxation, rationing, price controls and other restraints, and regulations essential to safeguarding the economic front. They have asked only that the demands made upon them be applied equally and fairly, without favoritism. They have responded loyally to patriotic appeals to forego unnecessary spending and to invest as much as possible of their current incomes in war savings bonds.

Appeals to their patriotism have sufficed to evoke a loyal response even when the reasons for the demands made upon them have not been widely understood. The close interrelationship of the various parts of the President's seven-point program to curb the upward spiraling

of the cost of living is apparent to economists, regardless of their individual conceptions of the program most appropriate at this moment. How generally the relationships are comprehended is another matter. Not many people fully realize that investing in war savings bonds, or foregoing unnecessary buying, or paying debts, or refraining from borrowing to be used in buying civilian goods, are all ways of helping to stabilize the economy and curb the upward spiral of living costs. We need to make these seemingly complex matters much clearer; for the wider the understanding of them, the more certain we will be of such overwhelming, wholehearted public response that there will be no more doubt of success on the home front than on the battle front.

There is no other justification for my taking your time today to outline, as briefly and simply as I can, the relationship of consumer credit regulation to the other, more important parts of the over-all program. Regulation of instalment and civilian consumer credit generally is at best a supplement to the larger, more important means of economic management. By itself it would be meaningless. Without it other more basic measures, such as taxation, might be less effective in drawing off surplus spending power from the market.

Regulation of Credit Well Accepted

Public acceptance of consumer credit regulation has been in keeping with other evidences of general readiness—indeed, eagerness—to submit to restraint and regulation as a wartime necessity. This is true notwithstanding the fact that this type of regulation is direct, rather than indirect, seemingly an encroachment in a field hitherto uninvaded by Government regulation. We have sought to be perfectly candid about it. We recognize it frankly for what it is—a type of regulation and policing of business and personal affairs that we Americans dislike instinctively and want as little of as possible. Yet the public generally appears to have realized the need for it as an essential part of the Government's program to protect the people from an upward spiral in the cost of living.

We have repeatedly stated that this emergency measure was not to be used as an excuse for instituting reforms of business practices or eradicating abuses such as may exist in the consumer credit field. Our job was to reduce spending power by regulating this credit.

The administration of the Regulation is difficult and at times is not a pleasant job. We have tried to administer it with as little disturbance and meddling in the affairs of those concerned as was possible. We propose to continue in that spirit. As I have indicated, Regulation W is a supplementary, rather than a primary weapon of control. Priorities and allocations come ahead of it in importance in relation to the durable goods problem. Taxation, price fixing, and rationing are still more important controls directed toward the restraint of a rise in the cost of living. Investment in war bonds should contribute more in dollar volume than Regulation W to building a backlog of consumer investing power in the post-war world, while acting at the same time as a powerful anti-inflationary control. Nevertheless the necessity for an all-out effort to achieve stability requires restraints on consumer credit at a time like the present when national income has already risen to an all-time high and is still increasing while the volume of consumer goods is steadily declining. Regulation W is no panacea, but it can and it has put a damper on credit dollars which are just as much a factor in bidding up prices as are cash dollars. It is as a restraining influence, not as a cure-all, that we have sought to apply and adapt it to the changing conditions of a war economy. The President said in July 1933, "I have no faith in 'cure-alls' but I believe that we can greatly influence economic forces. I have no sympathy with the professional economists who insist that things must run their course and that human agencies can have no influence on economic ills."

The need for Regulation W became apparent last summer when demand for certain types of consumer durable goods began to outrun the supply. These were goods, the production of which required substantial amounts of materials, skills, and equipment needed for the war effort. An increase in the volume of consumer credit at such a time would have merely added to the increasing superabundance of spending power. This in turn would have accelerated the bidding up of prices of consumer goods, thus increasing the cost of living. A rise in these prices would have been accompanied by an increase in all costs of defense and our subsequent war effort.

These considerations resulted in an Executive Order signed by the President on August 9 of last year, designating the Board of Governors of the Federal Reserve System as the agency through which consumer credit was to be regulated. As a part of Government, the System has primary responsibility for the determination and administration of credit policies. There was an additional reason for selecting the Federal Reserve System to regulate this type of credit. As constituted, it is headed by a Board of Governors resident in Washington, in contact with Congress and all the administrative agencies of Government. Through the twelve Federal Reserve Banks and their twenty-four branches, which constitute the System in the field, it has a decentralized organization extending throughout the country. Thus national policies can be developed at the seat of Government, while administration can be effected in the field, in close contact with those who are subject to the Regulation.

System Has Broad Powers

The System has broad statutory powers to regulate the volume of bank credit, primarily through influencing the volume of member bank reserves. It has authority to regulate margin requirements of banks and brokers in connection with loans to purchase or carry listed securities. In more than a quarter of a century of experience and research, the System has gained a wide knowledge of credit problems. It was felt that this knowledge would prove helpful in aiding the Govern-

ment in its regulation of credit in a field not heretofore regulated. In its studies in the field of credit control the Board of Governors had for some time been giving specific attention to the effect on the national economy of the expansion and contraction of consumer debt. Various other groups and individuals had done valuable research work for years in this field.

Immediately following the issuance of the Executive Order we had to formulate a Regulation to implement it. We wanted to check the studies that had been made on this subject against the practical experience of the trades that would be involved. For this purpose we had conferences in Washington that developed useful information in formulating Regulation W. We realized that by this method we could inform those extending consumer credit as to the national policy back of the Regulation. In order to acquaint users of consumer credit with the terms of the proposed Regulation, it was released in draft form to the press before its effective date, August 21, 1941, and its proposals were widely publicized. This in turn gave us the benefit of the views of many users of this type of credit. In addition, a consultative committee, consisting of the Secretary of the Treasury, the then Federal Loan Administrator (now the Secretary of Commerce), and the Administrator of the Office of Price Administration, afforded further valuable counsel and guidance continuously. We have also had the help of officials of the Federal Reserve Banks and are constantly advising with the staff of these Banks.

In discharging its responsibilities, the entire Board decides all important questions of policy, but one of the members of the Board, and sometimes two members, act under the supervision of the Board in the actual current administration of Regulation W. In performing this task, these members of the Board are assisted by the Board's staff, including in particular the Division of Security Loans which is represented here today by the Chief of the Division, the Division of Research and Statistics, and Counsel's Office.

Administration of Regulation W

In many respects, however, the most important part of the day-to-day administration of Regulation W is performed, under the supervision of the Board, by the twelve Federal Reserve Banks and their twenty-four branches. It is with the advice of the Reserve Banks that the Board makes its decisions, it is through the Reserve Banks that Regulation W and its amendments are distributed to the vendors and lenders who are subject to it, and it is the Reserve Banks that carry the principal load of educating their several communities to the meaning of the Regulation, conduct registrations, answer all sorts of questions, and have immediate charge of enforcement. Probably all of you have had experience in dealing with a Federal Reserve Bank or branch with respect to Regulation W, and we feel sure that it is to your liking as well as to ours that you can take your problems to them, rather than to Washington.

Since the Regulation was promulgated we have had innumerable trade conferences. We have tried at all times to keep in touch with the problems of those who extend and those who use consumer credit. The field of coverage of the Regulation is comprehensive, and, as I have stated, those subject to it represent both lenders and vendors. Within these two groups are trades and industries that have little in common, except that they extend credit in one form or another. The obligation rests on us to try to keep the scales in at least relative balance between all of these various groups, as far as possible to avoid conferring a competitive advantage on any particular group.

We realized from the beginning that the Regulation would have to be amended from time to time, not only to correct errors, but to meet changing conditions. Regulating a new field of credit is necessarily experimental. It requires flexibility and a willingness to make changes where indicated in the light of experience.

Major Objective of Regulation W

The major objective of the Regulation as issued last August was the dampening of demand for automobiles, washing machines, and other durable goods, the production of which had been or was about to be curtailed in order to release materials, labor, and plant capacity required to increase production for the war effort. The list of consumer goods in the original Regulation reflected this first objective of policy. Nevertheless the fact that restriction of consumer credit of all kinds during the war emergency would assist in checking the rising cost of living and the orderly transition from the war to the post-war periods was not overlooked. At that time, however, it did not seem necessary to apply the Regulation either to charge accounts or to single payment loans. The Board preferred to apply gradually the restraints of the Regulation, giving wherever possible sufficient time to the trades involved to adjust their normal operations to the terms of the Regulation. This policy is reflected in the down payments and maturities established by the original Regulation.

The terms of the Executive Order establish a broad and comprehensive pattern, which has permitted and will continue to permit the Board to administer the Regulation in the light of changing economic conditions. It has been the consistent policy of the Board to tighten the terms and widen the area of coverage as conditions required, but, of course, this is a two-way street; when conditions justify, terms can be relaxed as well as tightened.

By the time we had to consider the fourth amendment of the Regulation, which became effective on May 6, 1942, and resulted in a complete revision of the Regulation, conditions had substantially changed. We had passed beyond the defense period and were in the war offensively. The durable goods problem was not what it had been. Plants manufacturing these goods were converted or in process of being converted into plants producing war goods. The total of consumer credit had already shrunk and was obviously going to decrease further as time went on, because of the disappearance of automobiles and other durables from civilian markets.

In the interim, however, the cost of living was rising. As the President has said, no single step is adequate by itself to prevent such a rise. A comprehensive program is essential. In his message to Congress on April 27, the President clearly stated the points which taken together he referred to as "our present national economic policy." First on the list is taxation—the most important of all the steps that can be taken. Then come price-fixing, stabilization of remuneration received by individuals for their work, and stabilization of the prices received for agricultural production. The purchase of war bonds and the rationing of essential commodities come next. Last on the list is the caution that we must discourage credit and instalment buying, and encourage the paying off of debt. The President emphasized that those who pay off debt will be grateful that they have done so when this war is over. This is a form of insurance against post-war depression. A dollar paid in taxes, a dollar invested in war bonds, a dollar spent in the payment of personal debt is a dollar wisely used at this time.

The Inflationary Gap

In May of this year it was apparent that in the year 1942 after the payment of taxes and the purchase at reasonable prices of all the consumer goods available and the payment of fixed and maturing personal obligations, there would be left in this country an amount of spendable dollars hard to calculate with accuracy but apparently in excess of ten billion dollars and possibly as high as twenty billion dollars. This is the so-called "inflationary gap." This means the amount of spendable income that should be absorbed in some way other than in the bidding up of prices of consumer goods if the cost of living is to be stabilized and is not to reach such high levels as to be disruptive of a sound economy and an intelligently managed war effort.

Regulation W had to be amended to play its part in the President's seven-point program. It was necessary to consider what an amendment could accomplish as part of this program. It was apparent that consumer debt was declining. The figures generally cited are those of the Department of Commerce. The total consumer debt estimated by the Department as of December 31, 1941 was $9,550,000,000. As of the last of April of this year the total was roughly estimated to be about eight billion dollars. The trend was still downward, but it was evident that the trend could and should be accelerated. Making allowance for what seemed to be the probable decline in the total of consumer debt over the next twelve months, that is from April 30, 1942, we took as an objective the imposition of such restraint as would be likely to produce a total decline in this type of debt by April 30, 1943, of approximately four billion dollars. In other words, we hoped the amendment as revised would assure cutting down the total of this debt by about one-half by the end of next April.

To reach this objective it was necessary to consider every field of consumer credit as a possible field of regulation—lender and vendor alike—and to impose restraints wherever it seemed practicable to do so. Accordingly, the Regulation was revised to include restraints on charge account credit and single payment loans, both of which had been deliberately omitted from the original Regulation. It also necessitated listing many additional consumer durable and semi-durable goods not previously covered and increasing down payments and shortening maturities.

In my opinion, the Regulation as revised in May establishes the pattern of the Regulation for the future. Further substantial amendments would not seem to be indicated, unless there should be a sharp change in the economic outlook.

Just what can the vendor, the lender and the consumer do? First of all, everyone should be familiar with and should obey the laws and regulations made by Government. If you do not know what these laws and regulations are, find out; ask the Federal Reserve Bank or branch in your city or district. They are glad to answer questions. There are a few general guiding principles that, if followed in this difficult period, will largely contribute to the success of the Government's program.

If you are a vendor, hold your inventories to reasonable levels; replace only where required to meet the necessary buying of your customers. Fair distribution of inventories between vendors is essential. Do not stimulate sales that result in credit. Do not offer credit as an inducement to the customer to buy or to add to your store's income through carrying charges. Put emphasis on cash sales. Beware of add-ons. Collect your receivables promptly. Cooperate with Government and your customers in getting your customers out of debt and keeping them out of debt. See that your receivables decline. The post-war world will afford plenty of opportunities for the promotional efforts of advertising men, salesmen, and credit men.

Caution Must Be the Watchword

If you are a lender, do not urge people to borrow; stimulate the repayment of existing personal debt. See that your policies do not encourage a shift of consumer debt from vendor to lender. Guide your customers' thinking and be sure that an application for credit of a nonproductive nature represents a true necessity. There will be such cases, because the increasing national income is not equitably distributed. There will be borrowers who must look to credit to meet those individual and family situations that, under existing economic conditions, still justify applications for loans. Scrutinize them with care, but do not forget that in our economy the legal and reputable lender of small amounts has served a useful social purpose. Do not encourage add-ons unless they are necessary. Watch the total of your receivables. They should steadily decline during the emergency. If they do not, you are probably not responding to the needs of this period.

If you are a customer, do not buy anything unless you need it. Do without if you can. Do not hoard. Do not think it smart to "beat" the laws and the regulations. Violating the unpopular prohibition laws was an unfortunate training for the period through which we are

passing. This is a difficult and serious situation. Government does not want to regulate any further than is absolutely necessary. Every time you cut a corner on existing laws and regulations directed towards preventing chaos and disaster on the economic level of our war effort, you invite stricter and broader laws and regulations, more difficult to administer and, in many ways, more expensive to your Government, which in the end is more expensive to you. Pay your taxes. If they can be made stiff enough now, we can avoid trouble and have a sounder economy in the post-war world. Invest in war bonds to the maximum you can. You not only will have the best investment in the world, you will not only be contributing to your Government's effort to stabilize the cost of living, will not only know that your dollars are going into the effort to preserve your country and defeat its enemies, but will have a backlog that you will certainly need when this war ends. Pay your personal debt. Incur no debt that you can avoid. To what extent each individual can pay taxes, invest in war bonds and pay up his personal indebtedness is an individual problem. It is imperative that all should know the need for individual restraint and individual cooperation at this time, because the welfare of each individual is at stake, because all alike are involved in this fantastically menacing war.

Our Affairs Directed by Government

Vendor, lender, and consumer should all remember that this is, thank God, a free country and that your Government is but the means through which your affairs are directed. It has an obligation to make sense. If you don't think it is making sense, say so, but say it constructively and specifically. Do not assume that any of us in Government think we know all the right answers or assume that we do not want the ideas of our fellow citizens. Washington today is a busy place. It is not a madhouse. There is inevitable confusion when a great, peace-loving democracy marshals its vast powers to crush those who would enslave all free peoples. Mistakes will be made. Decisions will be reversed, but the main objective will never change, and it will be reached—not too late.

It will be reached the sooner if Government has the cooperation of all of us—if it has clear-eyed criticism, directed toward achieving the goal of total victory and the maintenance thereafter of a world in which each man and every nation will have a fair chance, in which a standard of living can be established that will justify the term "civilized." Our responsibilities in the post-war world will be as great as they are in the war period. Our energies and our best thought can then be directed to constructive instead of destructive action. In the process of discharging our responsibilities, we will be building in every sense a really great country for ourselves, a country in which our every effort will be directed toward preserving our freedoms, our democratic system of government, and a standard of living, the possibility for which we are beginning to see as production and national income go up, as the war effort really gets into its stride. We are learning much in this inspiring all-out national effort. Let's not forget what we have learned when we come to the successful end of this grim era.

It will be well at that time to recall the evil consequences that followed when we walked out on the obligations that rested on our country at the end of the first World War. Bitter experience has shown us that we cannot preserve a healthy economy in our own country if the rest of the world is allowed to go to ruin. There can be but one safe course to pursue—take nothing for granted. That a technique is old does not prove its worth—we must not be afraid of the new, because it is new, but neither must we accept it merely because it is new. *The post-war world will demand open minds and objective thinking. Willingness to experiment will be essential. We will have hard problems to settle. We must settle them intelligently in order to preserve the freedoms for which we now fight and the democratic systems of government; for freedom and democracy are a part of the very air we breathe and America's greatest contribution to human welfare.*

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Questions and Answers

The Federal Reserve Board has now decentralized its administration of Regulation W. Instead of issuing interpretations as in the past, the Board now places on individual Federal Reserve Banks the duty of interpreting the regulation for the benefit of Registrants in their district. A ruling made by a Federal Reserve Bank is binding upon all Registrants in that district, even though in some cases a ruling in one district may differ from that given in another district. However, if the problem is of such widespread interest that the Board itself decides to issue an official interpretation, then such an interpretation is binding upon all Federal Reserve Banks and all Registrants. Because of the all-inclusive nature of the revised regulation, questions in connection with the application of certain provisions of the regulation continue to arise. Some of these questions are indicated below, with answers which, in the absence of official rulings from the Board, have been prepared by J. Gordon Dakins, N.R.C.A., Educational Director, from a study of the Regulation.

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1. *Question:—Many dealers sell fuel oil and coal on budget accounts. The agreement is usually entered into during the summer months and payment is spread over six months. Is it necessary to restrict such sales to regular charge account terms; or, if sold on any other credit basis, is it necessary that a one-third down payment be obtained and the remainder be payable in twelve equal monthly installments?*

Answer:—It is not necessary to restrict such sales to charge account terms as applying to listed articles. Fuel oil and coal are non-listed articles, and it is only on the sale of listed articles that Section 5(a) imposes the maximum maturity of the tenth day of the second calendar month following the calendar month during which such listed article was sold.

In addition, non-listed items may be sold on any maturity and down payment for an installment sale. It should be noted, however, that if non-listed articles are sold in a charge account, the charge account will become in default by the tenth day of the second calendar month, insofar as any credit sale of a listed article is concerned. This is true regardless of any arrangements that may have been made with respect to the maturity of the sale involving a non-listed article.

2. *Question:—A 30-60-90 day account was opened on February 11, 1942, for clothing. The March payment was made, but the April and May payments are now past due. May this account be changed to an installment account without a further down payment, one-third having already been paid? How much additional time may be granted?*

Answer:—Assuming the 30-60-90 day account opened on February 11, 1942, represented an installment sale—that is to say, one in which two or more payments were scheduled to liquidate the credit—the obligation may be revised under Section 12 (f) on the basis of an installment contract with a maximum maturity of twelve months from the date of the original contract (but in installments of not less than \$5 a month or \$1.25 a week). No down payment need be made on such conversion.

3. *Question:—A 30-60-90 day account was opened on May 1, 1942, for a radio. As it was exempt from the old Regulation, no down payment was obtained. May such a three months plan account be now converted into an installment account without a down payment? What would be the maturity date of the revised contract? Would a Statement of Necessity be required?*

Answer:—This question has been answered in an official interpretation of the Board, W-49, modified, of course, by Amendments No. 3 and 4. Since on the date of sale, May 1, 1942, the installment sale of radios was limited to a maximum of fifteen months' maturity, a renewal or revision of the original credit is limited to a maximum maturity of fifteen months. But since such renewal might involve terms not consistent with Section 6 (f) in the first instance, the renewal or revision may not be made unless a Statement of Necessity is accepted in good faith, as specified in Section 10 (d). Accordingly, no down payment would be required; a maximum maturity of twelve months from the date of the revision would apply, and a Statement of Necessity would be required.

4. *Question:—A man is inducted into the armed services. He has a \$400.00 equity in a \$600.00 automobile which is being financed by a Credit Union. He is unable to keep up the payments on the car and asks the Credit Union to relieve him of his liability by disposing of the car and sending him his share of the proceeds of the sale. In such a case, may the Credit Union sell the car without a down payment and on any terms, in view of Section 10 A?*

Answer:—The answer to this question is "No." The Credit Union has rescinded the sale and repossessed the automobile. It has previously been ruled that where a dealer repossesses an automobile and returns it to stock, he must sell it on terms complying with the Regulation. Many cars are repossessed by finance companies and to make a different ruling for finance companies would create an anomalous competitive situation. There does not seem to be any reason for making a distinction between banks and Credit Unions and finance companies. However, the soldier might get the Credit Union to liberalize the terms, in view of his entrance into the armed services, and then get someone else to take over the contract. If the soldier remained liable and the contract were not changed, except by the addition of the new obligor, it would not be necessary to regard the new contract as a new sale requiring a down payment.

5. *Question:—Is it permissible for a seller to make a charge sale of a listed article and at the same time retain title to the article until paid for in full through the use of some lien agreement like a Conditional Sales Contract? If this sale is made in good faith and there is an absence of any evasive side agreement, may he transfer this article to an installment account at the customer's request, without a down payment, and still retain title to the article until the new contract is paid in full?*

Answer:—The answer to this question is "Yes," in both halves of the question, but there must be no evasive side agreement to evade the Regulation. In distinguishing between an installment sale and a charge account sale, Regulation W makes no mention of retention of title of contract. If a credit is to be repaid in two or more scheduled payments, that is an installment contract as defined by Section 2 (c). If the credit is other than an installment credit, it is a charge account credit.

6. *Question:—Credit is extended in connection with a contract to repair a fur coat. Would this extension of credit require a down payment of one-third and a maximum time limit of twelve months? Would the repairs to a fur coat be classed as a listed article?*

Answer:—Repair of a fur coat is not a listed article, provided that the value of any listed article such as fur or yard goods used in the repair is insignificant in comparison with the total cost of the repair. Consequently, no down payment is required and there is no limitation on maturity. If the value of the listed article is not insignificant, then the extension of credit is subject to the requirements of the Regulation, with respect to the bona fide cash purchase price of the listed articles and the labor involved in putting them into the coat. It might be noted that a repair, where the value of any material used is insignificant in comparison with the total cost of the repairs, is considered to be a service and not an article, as referred to in the definition of charge sales. Consequently, a failure to make payment for such repairs within the time specified in the Regulation does not cause a charge account to be in default.

7. *Question:—Mr. Harry Smith and his wife, Mary Smith, have separate charge accounts with the same store. Mrs. Smith's account is in default. Is she permitted to charge on her husband's account which is not in default?*

Answer:—The answer is "no." Section 5 (b) is specific on this point in seeing that "when a charge account is in default, the Registrant shall not extend credit to the obligor for any charge sale or installment sale of any listed article until the default has been cured." A husband and wife may not use separate accounts to evade the Regulation, as set forth in Section 11 (a).

8. *Question:—A customer places a special order for a Chesterfield which will require four months to make. Prior to the date of delivery, the customer's charge account goes into default. May the price of the Chester-*

field be charged to the frozen account at the time the completed article is ready for delivery?

Answer:—When the customer placed an order, there was merely an agreement to extend the credit and not an actual extension of credit. If the customer's charge account is in default at the time the seller is ready to make delivery, the seller would be in violation of the Regulation if he actually delivered the article before the default was cured.

9. *Question:—A store opens a charge account for a contractor who has a sub-contract from the Federal Government. If this account is not paid in full by the tenth of the second month following the date of the sale, would the Regulation apply, and further credit for listed articles to the contractor be prohibited? Or would the account be exempt under Section 8?*

Answer:—Section 8(f) makes the Regulation inapplicable to credit extended to a dealer, either in the form of a charge account or installment sale or a loan, for the purchase of an article for resale or installation. In question 9, credit is not extended to the government; it is extended to the contractor who is buying the articles for resale after processing or assembling. Therefore, Regulation W does not apply, irrespective of whether his contract is with the government or not.

10. *Question:—A customer purchases a $39.95 coat on the installment plan. Two days later, he returns the coat and selects two dresses for the same total or for a different amount. Could the down payment on the coat contract be applied to the new contract for the dresses?*

Answer:—When the coat is returned, the sale is rescinded and the money which would thereupon be payable to the customer may be used instead as the down payment on other articles. There is nothing in the Regulation that prevents bona fide rescission of a sale. However, a rescission which is made sometime after the sale is open to the suspicion that it is merely a trade-in.

The principle involved here has been discussed in Regulation W101 issued by the Board. As discussed in this ruling, an installment sale may be rescinded at any time if the seller refunds all amounts received and the purchaser returns the article. On the other hand, if the article is returned several days or months later, the presumption would be that a trade-in would be involved. In the case of clothing, the question of trade-ins could scarcely be involved, except perhaps in the case of fur coats or other durable and valuable articles.

11. *Question:—A store sells a $200.00 Chesterfield suite on the installment plan to a customer who lives in a different state. The customer wishes the suite to be delivered to his home address and requests that the delivery charges, amounting to $20.00, be included in the contract. What down payment must the seller obtain?*

Answer:—The required down payment would be one-third of $220.00 or $73.33. Section 2(j) of the Regulation defines the cash price as "the bona fide cash purchase price of an article, including the bona fide cash purchase price of any accessories, any bona fide delivery, installation and service charges (other than interest, finance or insurance charges), and any applicable sales taxes." In accordance with this definition of "cash price," therefore, the $20.00 delivery charges must be included in the total price on which to calculate the required down payment.

12. *Question:—Is it prohibited to sell a listed article to a customer whose water, gas or electric service account is in default?*

Answer:—Sales of water, gas, and electricity, where the amount of the sale is measured by meters, are sales of unlisted articles, and the sale is deemed to be made on the day that the meter is read. If a customer's bill for gas, water or electricity is in default, the Registrant is prohibited from selling listed articles (e.g., an electric stove) to the same customer either on a charge or installment basis. However, he may still continue to sell unlisted articles, like gas, water and electricity, even when the charge account is in default.

13. *Question:—A charge account amounting to $150.00 is in default on July 11, 1942. For the next five months, the customer does not use his account but makes payments on the account. He has reduced his account to $40.00 by December 20, 1942 and at that time asks the merchant to reinstate his account so that he may be able to charge his Christmas purchases. He is willing to sign an agreement to pay the old account at the rate of $10.00 per month. Will the default be cured if that agreement is entered into at this late date?*

Answer:—The answer to this question is "Yes." The effect of a default in a charge account is that the merchant may not extend further credit to the debtor for the purchase of listed articles. The debtor may permit his account to remain in default as long as he wishes, so far as the Regulation is concerned. At any time during the period of default, however, he may exercise one of the methods of curing default, as set out in Section 5(d).

14. *Question:—Schoolteachers do not receive any salary during the summer vacation months. Would a teacher's charge account for July purchases be in default if unpaid on September 10, even though she will not receive her salary until September 30?*

Answer:—This is a question that has frequently been asked. Section 9 of the Regulation provides for several adjustments, but there is nothing in this section which would permit a teacher to extend the default date beyond that specified in Section 5(c). As far as the default date is concerned, a teacher is in no more favorable position than any other customer, and her account for July purchases, if unpaid on September 10, will then be in default. A schoolteacher, however, has the privilege as stipulated in Section 9(a) of omitting installment payments over any period or periods totaling not more than four months. Therefore, if the teacher converts her defaulted charge account into an installment account, her charge account is cured of its default, and she may omit payments over any period or periods up to four months. Thus on a six-month conversion agreement, she may omit the first four monthly payments and pay the balance in the last two installments.

An interesting point comes up here. If a teacher's charge account is in default on July 10 and it is cured by a conversion agreement, she would then be able to charge further purchases of listed articles on either a charge account or installment basis, but if the merchant knows that she will not be able to pay until October 1 (the day on which her next pay check is received), then under Section 5(a) he will not be permitted to sell her listed articles on a charge account until August. This is because Section 5(a) provides that "no listed article shall be sold in a charge account with an agreement that payment therefore may be deferred beyond the 10th day of the second month following the calendar month during which such article was sold."

At the New Orleans Conference it was Unanimously

Resolved...

1 *THANKS TO YOUNKER BROS.*

WHEREAS, Mr. Henry Frankel, President, and Miss Emily M. Hunter, Secretary-Treasurer of Younker Brothers, Des Moines, Iowa, have at all times displayed great generosity in granting our esteemed President, David D. Bolen, the necessary leave of absence in order to perform his duties as President of this Association; and

WHEREAS, without this generosity, much of the splendid work performed by President Bolen during the past year could not have been accomplished;

NOW, THEREFORE, BE IT RESOLVED, that this Association is deeply grateful to Younker Brothers and its management, and that a copy of this resolution be forwarded to them.

2 *REGULATION W*

WHEREAS, Amendment No. 4 to Regulation W, effective May 6, 1942, was issued by the Board of Governors of the Federal Reserve System to implement President Roosevelt's seven-point program against inflation; and

WHEREAS, this Amendment stimulates the prompt payment of accounts and the rapid liquidation of outstanding obligations; and

WHEREAS, close adherence to the provisions of the regulation by credit granters generally will improve the liquidity of the accounts receivable of the nation;

NOW, THEREFORE, BE IT RESOLVED, that this Association, in Convention assembled, pledge its support to, and complete cooperation with, the Federal Reserve Board in its administration of the regulation.

3 *HON. RONALD RANSOM*

WHEREAS, the credit granters of the nation have been placed under the obligation of complying fully with Regulation W and its four amendments; and

WHEREAS, the delegates to the 30th Annual Convention of the National Retail Credit Association have been given a clearer insight into, and understanding of, the requirements of the regulation as a result of the explanations and interpretations so ably provided by the Honorable Ronald Ransom, Vice-Chairman, Board of Governors of the Federal Reserve System, and members of his staff;

NOW, THEREFORE, BE IT RESOLVED, that the members of the National Retail Credit Association, in Convention assembled, gratefully acknowledge the outstanding contribution of Mr. Ransom and his assistants in providing an enlightening explanation of the regulation; and

Our Pledge

WHEREAS, the United States of America is now at war with the Axis powers in defense of the principles of democracy, liberty and justice, which were given to us by our forefathers to guard as a sacred trust: and

WHEREAS, upon the successful prosecution of this war depends not only our right to continue to enjoy the American way of life, but also the right of all peace-loving peoples to live in freedom from oppression; and

WHEREAS, to help our fighting forces secure the final victory, every loyal citizen must do his part by complying fully with all measures promulgated by our Government and its constituted agencies as being necessary for victory;

NOW, THEREFORE, BE IT RESOLVED, by the members of the National Retail Credit Association, in Convention assembled, at New Orleans, Louisiana, this 18th day of June, 1942, that this Association pledge its unreserved and unqualified allegiance to, and support of, our beloved country, our Government, our Flag, and to the sacred principles for which it stands; and

BE IT FURTHER RESOLVED, that a copy of this resolution be sent to the President of the United States, the Vice-President of the United States, and to the Speaker of the House of Representatives of the United States.

BE IT FURTHER RESOLVED, that a copy of this resolution and a letter of thanks be sent to the Board of Governors of the Federal Reserve System for their splendid cooperation.

4 *FEDERAL RESERVE BOARD*

WHEREAS, it has at times been necessary to obtain assistance in interpreting certain provisions of Regulation W in order that full compliance with the regulation may be assured; and

WHEREAS, the members and staff of the Federal Reserve Board at Washington, D. C., and the officers and staff of the Federal Reserve Bank of St. Louis, Missouri, have ever been ready and willing to provide official rulings in such cases;

NOW, THEREFORE, BE IT RESOLVED, that the members of the National Retail Credit Association, in Convention assembled, gratefully acknowledge the unfailing courtesy and assistance extended by the members and staff of the Federal Reserve Board at Washington, the officers and staff of the Federal Reserve Bank of St. Louis and the officers and staff of the Federal Reserve Banks throughout the country, and express sincere thanks for their valuable advice and guidance.

5 HOUSE RESOLUTION 7213

WHEREAS, on June 9, 1942, the Honorable Estes Kefauver, a member of Congress from the State of Tennessee, introduced H.R. 7213, a bill to permit the garnishment of the salaries of Federal employees in those states which permit the garnishment of the salaries of their own state, city or county employees; and

WHEREAS, this Association sponsored a garnishment bill in the Seventieth Congress and in successive convention resolutions has repeatedly urged a bill of this nature as part of our economic system; and

WHEREAS, in the campaign to initiate this legislation the Association has had the active support of Mr. James Moore, President of the Chattanooga Retail Merchants Association, the Retail Credit Men's Association of the State of Tennessee, the Chattanooga Petroleum Dealers Association, and of merchants and retail credit managers generally throughout Tennessee;

NOW, THEREFORE, BE IT RESOLVED, that this Association endorse the principles embodied in H.R. 7213 and urge the members of this Association and other business organizations to give this measure their strongest possible support and that the thanks of this Association be and they are hereby extended to Representative Kefauver, to the businessmen mentioned of Chattanooga and of the State of Tennessee, and to all other officers and members of our Association who have participated in the effort to have this legislation introduced in Congress.

6 CONSUMER CREDIT CONTROL

WHEREAS, the Federal Reserve Board, as a part of the national emergency, has adopted and is administering Consumer Credit Control Regulation; and

WHEREAS, the operation of Regulation W and its amendments may develop the need for perpetuation in permanent form of some features of the Consumer Credit Control program;

NOW, THEREFORE, BE IT RESOLVED, that the Legislative Committee of the National Retail Credit Association be directed to keep in close touch with the administration and operation of Regulation W and amendments and such other amendments as may hereafter be adopted by the Federal Reserve Board for the purpose of recommending to the Association after the war that whatever may be wise in the matter consumer credit control may be retained as a part of our permanent economic structure through appropriate legislation or administrative procedure.

7 McLAUGHLIN BILL

WHEREAS, successive conventions of this Association have endorsed legislation in Congress having for their object the placing of referees in bankruptcy upon a salary basis and reducing the filing fees under Chapter 13; and

WHEREAS, the McLaughlin bill, H.R. 4394, having these objectives in view, was introduced more than a year ago, and has been the subject of extensive hearings by the Judiciary Committee of the House of Representatives but has not been favorably reported; and

WHEREAS, it appears that the failure to report this bill is said to be due in large part to that provision in the bill providing pensions for referees in bankruptcy;

NOW, THEREFORE, BE IT RESOLVED, that this Convention request the Judiciary Committee of the House of Representatives, in order to prevent further delay in a measure so much needed by the United States, to amend the McLaughlin bill by dropping from it the provision relating to pensions for referees and then report the measure promptly to the House of Representatives for action by that body; and

BE IT FURTHER RESOLVED, that the Legislative Committee of the National Retail Credit Association be directed to use its best efforts to speed the passage of this legislation and to cooperate with other organizations who may give their support to the McLaughlin bill in the light of this resolution.

8 CHAPTER 13

WHEREAS, the National Retail Credit Association at its Convention at San Antonio in 1940 directed its Legislative Committee to consider proposing to Congress an amendment to Chapter 13 giving discretion to the courts to refuse adjudication in bankruptcy in individual voluntary cases where the debtor has sufficient from his wages and salaries over and above his living expenses to pay something on his debts through the medium of Chapter 13; and

WHEREAS, an amendment of this nature is fundamentally sound in that where credit is extended to the consumer upon the basis of his wages or salaries, he should be required to pay something on his debts under such circumstances;

BUT WHEREAS, this Convention recognizes that the enactment of an amendment of this nature may result in strong opposition;

NOW, THEREFORE, BE IT RESOLVED, that the National Retail Credit Association Legislation Committee be directed to place such an amendment before other business organizations with supporting data and endeavor to secure their cooperation in an effort to incorporate such a provision in the National Bankruptcy Act.

9 FLOW OF COMMERCE

WHEREAS, there is increasing evidence that passage of laws by state legislature, restrictive of Commerce between the several states is having harmful effects both to the states involved and to the nation as a whole;

NOW, THEREFORE, BE IT RESOLVED, that this convention places itself on record not only against the passage of further measures of this description but also as favoring revision or repeal of existing legislation wherever it may constitute a barrier to the free flow of commerce between the several states; and

BE IT FURTHER RESOLVED, that the National Retail Credit Association pledges its assistance in any campaign or program having this objective in view.

CREDIT DEPARTMENT LETTERS

• *Aline E. Hower*

AN ENTERPRISING YOUNG EXECUTIVE has just sent me what he considers to be twelve very important points for better letters. He headed these points with the caption, "Resolved—To Write Better Letters." As I think his ideas are excellent, and as he has given me permission to publish these points, I am delighted to submit them as follows:

1. Outline the material to be covered.
2. Plan your letter from the reader's viewpoint.
3. Open with a smile . . .
   Deductive (Big idea in the opening) method to say "Yes."
   Inductive (leading in) method to say "No."
4. Use short, clear, forceful sentences.
5. Use short paragraphs—6 to 8 lines.
6. Be concise.
7. Use words that smile—glad, happy, etc.
8. Avoid trite expressions.
9. Avoid words you would not use in normal conversation.
10. Remember that "a soft answer turneth away wrath."
11. Make your closing an ACTION invitation.
12. Make every letter sell!

This Month's Illustrations ⟶

Illustration No. 1 comes from Hudson's Bay Company. Canada has been ahead of the United States in the wartime procession of events. It is said that if we will look at what happened there as regards government regulations and wartime measures about six months ago, we will have an idea of what to expect in our own wartime program. That is why this letter is so interesting. It is sent out immediately after an account that was in "default" has been cured. I have heard of the splendid work that this Organization has been doing in the way of letter writing and credit. It is a privilege to quote their letter and to comment on its fine qualities. The opening is friendly, right to the point. The next paragraph is crystal clear, very important under the circumstances. The final paragraph is an invitation both cordially and pleasingly worded.

Illustration No. 2, from Harry Kaufman, Inc., Washington, D. C., shows an interesting use of a cartoon. The word "Why" with the cartoon under it is mimeographed in black. The letter is processed in blue. The letterhead is printed in black. The three vertical lines in the left-hand margin are mimeographed in black.

An inactive account letter is never an easy one to write. It needs to be cheerful and yet show concern because of the customer's absence. Notice the splendid opening of this letter, the tone of approval in the second paragraph, and the cordial invitation in the closing. Don't you like the complimentary close, "Cordially yours"? Many people are just a little tired of the complimentary closings "Yours truly," "Very truly yours," and "Yours very truly." The closings "Cordially yours" and "Sincerely yours" offer pleasing variations.

As I write this article, I have before me a letter from a vice-president which closes "Gratefully yours." This executive has asked for some counsel on a letter that he had enclosed and the little touch of courtesy definitely adds to his splendid letter.

Illustration No. 3 takes us all the way across the country to Los Angeles, to Bullock's. I have long admired the splendid credit activities in this store of quality. This letter illustrates an interestingly new approach. It tunes in with current conditions, it reassures the customer in the second paragraph, which is a form of approval, and it closes with a request for payment. That is an action impelling structural arrangement. The letter is well worded and pleasingly arranged in every way.

Illustration No. 4 is from Ovington's, New York City. The printed notice is on very excellent correspondence card stock. It is printed most attractively so that it looks almost like engraving. Notice the pleasing wording of the opening! In these busy times there is a distinct virtue in having a notice of this kind on a card, brief and to the point. As short as the message is, and as courteous, it also includes a statement of the terms.

Illustration No. 5 is another card notice which uses a drawing. Drawings definitely have a place, but of course should be used with care. In this case the idea has been handled most expertly. New England, they say, is a conservative place. In my experience I have found that the New Englanders are extremely eager for new ideas, willing to use anything that is friendly, dignified, and up-to-the-minute. Here is another indication. The wording of this card notice is as pleasing as the setup.

Illustration No. 6 is an attractive sticker, printed on colorful blue paper stock. It is clear and distinctive. Notice its reference to the new credit regulation. It is designed for use with overdue accounts, commencing July 1. Its definite tone will impel customers to pay by the 10th, for it is short, snappy, and specific. Here is a notice which cannot be overlooked after it is affixed to the statement. The cost is extremely low, $2 a thousand, and any quantity can be ordered from the National Retail Credit Association.

Illustration No. 7 is another New Regulation W Sticker of the N.R.C.A. designed for use on statements of better pay customers temporarily in arrears. It is carefully worded to secure payment of the entire account, and not merely the amount in default. It complies with government requirements. This will collect the money and keep your accounts active. Only $2 a thousand. All reports indicate that stickers are extremely effective.

①

Hudson's Bay Company.

INCORPORATED 2ND MAY 1670

RETAIL STORE

WINNIPEG, MANITOBA

ALL CORRESPONDENCE TO BE ADDRESSED TO THE MANAGER

IN REPLY PLEASE QUOTE REFERENCE W.P. 1

May 5, 1942

Mr. L. R. Good
1605 January Street
Winnipeg, Canada

Dear Mr. Good:

Thank you for the payment of $ 4.50 credited to your Charge Account on May 2, 1942.

This brings payment within the regulations of the Wartime Prices and Trade Board, and we are pleased to inform you that your account is open for immediate use.

Believing that your Charge Account has added to your convenience in shopping at this Store, we anticipate with pleasure the privilege of continuing to serve you in this way.

Yours faithfully,

For the HUDSON'S BAY COMPANY,

J. T. G. Howard

For Credit Manager.

JTGH: MR

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BERTRAM WISE, President — DAVID WISE, Vice-Pres. and Treasurer — JOS. H. HUCK, Secretary

HARRY KAUFMAN, Inc.

1316-1320 SEVENTH STREET, N. W.

WASHINGTON, D. C.

DUpont 4300

Address all communications direct to

April 10, 1942

Dear Friend:

There is a great deal of friendship and sentiment in business --- and we consider our customers our friends. During the last few months we have missed you --- naturally that interests us, so we ask you as we would a friend --- WHY? Why haven't you been in to visit us? Your account is ever ready for your convenience. Just say "CHARGE IT".

You were always a regular customer and a loyal friend and we feel that we can again serve you well. Visit our store now while our stocks are at peak --- see our new modern redecorated departments --- and confirm that you stand well in our opinion.

It was a pleasure to serve you before --- it will be a pleasure to serve you again.

Cordially yours,

HARRY KAUFMAN, Inc.

Gilbert Striner,
Credit Manager.

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③

BULLOCK'S

LOS ANGELES

March 9, 1942

Mr. T. M. Credit
908 Wells Avenue
Los Angeles, California

Dear Mr. Credit:

The year 1942 will require of Consumer and Industry alike many and varied sacrifices in the support of our National Defense Program, primary among which will be the demand upon the cash resources of individuals and businesses.

Bullock's will continue its Credit facilities as usual, realizing as it does so, that its customers will be benefited through arranging their financial affairs in such a manner as to enable them to meet their obligations currently.

Today you will find it easier to pay your account, shown below, than to delay until greater demands are made upon your income.

Please, therefore, cooperate with us now by sending your check to bring your account to date, or let us hear from you, making definite arrangements for settlement.

Very truly yours,

B u l l o c k ' s

A. E. Kaiser

Credit Bureau

AK: AC

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④

OVINGTON'S

CORDIALLY INFORMS YOU THAT AN ACCOUNT IS NOW OPEN AND READY FOR YOUR USE

IT IS A PRIVILEGE TO HAVE YOU AS ONE OF OUR CHARGE CUSTOMERS AND WE HOPE THAT YOUR EARLY EXPERIENCES HERE WILL BE ALL THAT YOU COULD WISH FOR, AS WE WANT OUR NEW FRIENDS TO BECOME OUR OLD FRIENDS. OUR BILLS ARE RENDERED MONTHLY AND PAYABLE MONTHLY.

THIS ACCOUNT CAN BE USED AT ALL OVINGTON STORES.

New York, N. Y. — Magnolia, Mass. — Miami Beach, Fla. — Southampton, L. I.

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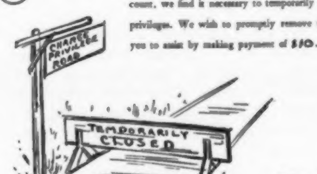
⑤



We sincerely regret that because of the overdue condition of your account, we find it necessary to temporarily suspend your charge-account privileges. We wish to promptly remove this barrier, and would like you to assist by making payment of $10.50 overdue.

Thank you.

THE PEERLESS CO.
Pawtucket, R. I.

P. S. — IF PAYMENT HAS ALREADY BEEN MADE, PLEASE DISREGARD.

In Default

Your charge account is past due. Under the *Consumer Credit Regulation of the Government* it will be in default if the amount in arrears is not paid in full on or before the 1 th.

The regulation provides that an account in default must be closed against further purchases of listed merchandise, either charge or installment, until the default has been corrected.

⑥

Avoid Default

The convenience of your charge account is available to you as long as it is paid promptly.

But . . . Government Regulations will not permit the charging of listed merchandise if an account is in *default*.

Avoid any possibility of *default* by paying this statement on or before the tenth of the month.

⑦

DON'T DELAY — DO IT TODAY!

"Your recent publication *Regulation W and Interpretations Simplified* has been very helpful to us. It was written in a manner which made the full meaning of the regulation easily and clearly understood. We are hoping that you will publish a new guide with the revisions of May 6, 1942 and if you do we wish to order four copies. The National Retail Credit Association has always been quick to respond when assistance to the retail credit granters is required so we are sure you will see the need for this new publication."—E. G. Nordstrom, Credit Manager, Petersen-Harned-Von Maur, Davenport, Iowa.

* * *

"The CREDIT WORLD is taking its place in the field of good looking business periodicals. You and your staff are to be complimented for the fine job you are doing. The contents is especially worth while."—F. W. Walter, Manager, Credit Sales Department, The Bailey Co., Cleveland, Ohio.

* * *

"It so happened that the June CREDIT WORLD reached my desk about an hour prior to a membership meeting and with all of the questions and answers concerning Regulation W, the Soldiers' and Sailors' Civil Relief Act, etc., I took my copy to the meeting and made several references to it while speaking on the new credit regulations. I told our members that we should make a concerted effort to have each retailer become a member of the National, because it is, in my opinion, the most important National Association to which any credit granter can belong under present and future conditions."—C. E. Moorman, Manager, Retail Credit Men's Association, Jacksonville, Fla.

* * *

"We recently held the first board meeting of our newly organized Retail Credit Association and are off to a good start. Everyone is enthusiastic and we believe this is going to be a very live Association. At our next meeting we will urge all members to join the N. R. C. A."—R. A. Moffitt, Manager, The Credit Exchange, Inc., Springfield, Mo.

* * *

"It may be of interest to you to know that at our regular monthly meeting of credit men, 31 of us spent more than two hours in a study of the article 'Government Credit Control—Canada's Experience,' by J. Gordon Dakins, which appeared in the March CREDIT WORLD. Every credit granter present expressed himself as being greatly benefited by this discussion and it was decided that the Program Committee would each month select an article from The CREDIT WORLD for discussion." —Henry Block, Secretary, Galveston Merchants Association, Galveston, Texas.

* * *

"Check is enclosed for six copies of 'The Layman's Handbook of Regulation W.' Thank you for the mighty fine cooperation, valuable information, and assistance your Association has furnished retailers regarding the consumer credit regulations."—R. L. DeGon, Secretary, Waterloo Retail Merchants Association, Waterloo, Iowa.

* * *

"I wish to apply for membership in your Association for our four stores and enclose check for one year's membership and subscription to The CREDIT WORLD for each. We received some valuable information on the new credit regulations which a friend in Denver, Colorado, had taken from The CREDIT WORLD and this is what prompted our applying for membership."—I. N. McClanahan, President and General Manager, McClanahan's, Salt Lake City, Utah.

* * *

"I enjoyed the New Orleans convention very much. All details were carried out with precision and the speakers most impressive and informative. Everyone left better informed on important subjects."—Walter Rosenbaum, Secretary-Manager, The Credit Bureau, Pittsburgh, Pa.

Morris G. Riley Joins Air Corps

Morris Glenn Riley, for the past twenty-two years, Secretary-Treasurer of the Retail Credit Association of Kansas City, has been awarded a commission as Captain in the Army Air Corps. He was instructed to proceed to Randolph Field, San Antonio, Texas, on May 30, and is now on duty at Brooks Field, San Antonio.

During the last War, Captain Riley served as a private in the Army, working up to the rank of First Lieutenant, and was an aviator in France. Afterward, he entered the employ of the Merchants Association Credit Bureau in Kansas City and served in an executive capacity since that time. He never missed an opportunity to be of service to his local and National Associations. He was Chairman of the Finance Committee of the N. R. C. A., during 1932-34, and served as Vice Chairman of the Service Department Committee during that same term. He has been a Director of the Associated Credit Bureaus of America and during the past year served as Chairman of the Finance Committee.

In a letter addressed to L. S. Crowder, General Manager-Treasurer of the National Association, he said:

"I greatly appreciate your letter of June 12th and you can take it from me that one of my greatest regrets has been my inability to meet with my friends and to be forced to miss what would have been my 23rd consecutive convention.

"My pride at being able to be of direct service to my country is only exceeded by the way I feel. I am taking off excess weight and getting myself in good physical shape. It will be nice to receive The CREDIT WORLD regularly and my address now is Brooks Field.

"I trust you will have another good year ahead in the N. R. C. A. and I am proud that my dear friend H. J. Burris is now your President. I had counted on being on hand when Jeff was installed but my orders changed all that."

We salute you, Captain Riley, for your decision to serve your country again in its effort not only to make the world safe for democracy but to make it a world in which everyone will find peace and happiness. More power to you! On behalf of the National Office and your many friends, we wish you Godspeed, good health and good luck. "Keep 'em flying, Captain!"

Help Wanted

CREDIT MANAGER: A retail organization on the Pacific Coast is seeking a manager for its Credit and Collection Department. Replies must give salary requirement, and complete details of education, experience, personal history, draft status, etc. Address Box 72, CREDIT WORLD.

May, 1942 — The Collectio

District	City	Dept. Stores (Open Accounts) 1942 AV.	1942 HI.	1942 LO.	1941 AV.	1941 HI.	1941 LO.	Dept. Stores (Installment Accounts) 1942 AV.	1942 HI.	1942 LO.	1941 AV.	1941 HI.	1941 LO.
1	Boston, Mass.	50.1	53.0	44.3	48.0	54.2	36.1	19.9	21.7	16.6	16.9	18.2	13.6
1	Lynn, Mass.	62.6	66.1	46.8	55.7	57.6	42.4	53.0	57.6	48.5	49.0	53.3	44.7
1	Springfield, Mass.	62.2	67.5	57.0	58.9	63.8	54.0	19.1	20.2	18.0	15.1	16.8	13.5
1	Worcester, Mass.	52.7	55.4	50.1	50.3	53.2	46.1	—	27.0	—	—	23.6	—
1	Providence, R. I.	51.5	73.5	44.9	50.0	75.8	46.3	—	—	—	—	—	—
2	New York City	50.0	56.4	39.6	50.6	54.5	42.3	20.2	30.8	15.3	20.9	28.1	14.2
2	Syracuse, N. Y.	44.9	46.5	40.1	43.2	44.2	41.9	17.5	22.0	13.7	16.6	21.3	11.8
2	Utica, N. Y.•	—	—	—	—	—	—	—	—	—	23.7	24.3	23.0
2	Pittsburgh, Pa.•	—	—	—	46.0	54.8	38.7	—	—	—	18.1	22.7	13.1
2	Reading, Pa.	64.0	69.2	58.8	58.0	58.6	57.4	—	22.6	—	—	18.3	—
3	Washington, D. C.	45.8	48.8	44.8	43.6	49.8	37.5	19.1	25.7	14.1	15.8	19.8	12.5
3	Baltimore, Md.	47.3	53.7	41.2	45.1	52.7	37.9	22.2	29.6	16.5	19.1	26.3	13.4
3	Huntington, W. Va.•	—	—	—	—	62.9	—	—	—	—	—	13.4	—
4	Birmingham, Ala.	47.8	51.9	43.0	42.4	45.3	35.8	22.0	24.7	17.5	16.9	18.4	14.2
4	Atlanta, Ga.	29.9	38.0	29.1	32.0	35.7	28.3	14.4	15.5	13.4	13.4	15.4	11.4
5	Little Rock, Ark.	43.3	44.6	42.1	40.5	42.1	39.0	23.3	26.9	19.7	20.4	24.9	15.9
5	Kansas City, Mo.	74.4	80.7	48.5	68.3	75.5	49.0	—	24.4	—	—	22.6	—
5	St. Louis, Mo.	60.7	64.4	57.6	56.1	67.3	48.2	23.1	27.2	19.9	19.0	23.1	16.8
6	Louisville, Ky.	57.1	68.5	45.7	54.6	65.4	43.7	19.5	21.3	17.8	14.9	15.8	14.0
6	Detroit, Mich.	60.1	73.0	48.4	56.6	71.4	46.7	28.4	32.0	24.9	23.2	26.5	18.1
6	Grand Rapids, Mich.	51.0	54.1	46.0	47.6	52.4	42.7	22.5	23.8	21.2	18.2	18.3	18.1
6	Cincinnati, O.	57.3	61.1	54.0	52.1	56.5	47.9	19.5	22.8	16.8	16.4	22.4	12.5
6	Cleveland, O.	54.6	59.5	52.0	51.9	53.6	47.6	26.2	31.0	21.4	22.7	23.0	17.2
6	Columbus, O.	52.7	60.0	45.4	49.0	52.0	46.0	21.7	28.7	17.7	13.1	15.3	11.0
6	Toledo, O.	51.2	51.3	47.0	45.5	55.2	42.4	22.4	28.4	15.4	17.8	21.9	14.8
6	Youngstown, O.	51.8	53.3	50.3	—	49.3	—	17.6	18.3	16.9	—	18.0	—
6	Milwaukee, Wis.	53.4	67.0	52.9	52.3	56.4	49.4	27.4	34.9	23.7	20.0	21.1	19.2
7	Cedar Rapids, Ia.	62.2	66.0	48.8	58.1	60.0	42.0	23.3	23.7	23.0	23.2	27.0	19.5
7	Davenport, Ia.	55.9	58.0	50.5	53.7	58.0	51.9	18.3	20.5	16.2	16.8	17.6	16.0
7	Des Moines, Ia.	46.5	51.0	42.7	46.5	50.0	37.8	—	15.0	—	—	12.0	—
7	Sioux City, Ia.	48.7	48.8	42.9	44.5	46.9	43.1	19.3	21.1	15.6	17.0	18.0	15.5
7	Minneapolis, Minn.	69.9	73.3	65.9	66.1	68.4	63.3	23.6	26.6	18.2	18.7	21.0	15.2
7	St. Paul, Minn.	54.8	63.5	48.4	53.2	59.7	48.7	25.2	35.3	18.1	24.3	35.6	18.0
7	Omaha, Neb.	—	52.5	—	—	46.3	—	—	18.0	—	—	11.3	—
8	Tulsa, Okla.	65.9	68.2	63.5	56.0	60.3	51.8	20.1	24.9	15.3	18.1	22.9	13.3
8	San Antonio, Tex.	43.0	48.3	36.0	—	52.7	—	—	11.1	—	—	10.3	—
9	Denver, Colo.	47.9	52.4	46.4	44.9	46.5	43.0	20.5	23.6	13.4	13.9	15.7	11.5
9	Salt Lake City, Utah	62.3	65.7	58.3	62.5	71.2	48.6	23.5	27.5	18.4	28.3	30.4	26.2
9	Casper, Wyo.	—	109.5	—	78.5	113.5	43.5	—	—	—	—	29.0	—
10	Portland, Ore.	43.9	46.7	41.1	39.4	39.5	39.3	18.3	18.9	17.7	14.1	14.7	13.6
10	Spokane, Wash.	55.4	58.4	53.5	48.6	55.3	42.0	14.5	15.3	13.8	11.7	13.4	10.0
11	Los Angeles, Calif.	62.6	71.0	55.0	62.1	65.2	52.8	19.5	24.5	16.8	18.1	20.5	16.6
11	Oakland, Calif.	54.2	56.4	49.3	52.1	54.0	45.7	21.8	31.2	17.0	17.8	26.5	15.0
11	San Francisco, Calif.	48.7	66.1	37.1	43.5	58.2	36.3	19.5	29.0	17.5	16.0	21.8	14.8
11	Santa Barbara, Calif.	50.7	54.9	44.6	51.4	61.9	38.2	—	—	—	—	—	—
12	Vancouver, B. C.	78.4	79.5	77.2	64.6	73.7	55.5	25.3	26.8	23.8	21.8	23.6	20.1
12	Victoria, B. C.	82.1	86.2	78.0	66.9	71.2	62.7	26.9	27.0	26.8	25.4	32.0	18.8
12	Ottawa, Ont.•	—	—	—	—	—	—	—	—	—	—	—	—

District	City	Women's Specialty Stores 1942 AV.	1942 HI.	1942 LO.	1941 AV.	1941 HI.	1941 LO.	Furniture Stores (Installment Accounts) 1942 AV.	1942 HI.	1942 LO.	1941 AV.	1941 HI.	1941 LO.
1	Boston, Mass.	51.9	72.9	49.0	50.9	71.7	43.7	—	—	—	—	—	—
1	Lynn, Mass.	—	—	—	—	—	—	22.0	29.6	18.9	22.0	27.4	16.6
1	Springfield, Mass.	61.9	72.0	51.9	54.2	58.8	49.7	—	—	—	—	—	—
1	Worcester, Mass.	48.9	58.0	45.4	47.6	50.0	42.9	—	—	—	—	—	—
1	Providence, R. I.	—	—	—	—	—	—	—	—	—	—	12.6	—
2	New York City	45.1	49.6	43.2	45.7	48.3	44.0	—	—	—	—	27.5	—
2	Syracuse, N. Y.	—	47.2	—	—	42.7	—	—	—	—	—	—	—
2	Utica, N. Y.•	—	—	—	30.2	31.0	29.8	—	—	—	13.5	14.3	12.2
2	Pittsburgh, Pa.•	—	—	—	45.8	54.8	38.7	—	—	—	—	—	—
2	Reading, Pa.	—	—	—	—	—	—	—	12.0	—	11.4	11.9	11.0
3	Washington, D. C.	—	—	—	—	—	—	—	—	—	—	—	—
3	Baltimore, Md.	42.1	47.1	38.0	41.3	46.4	33.7	—	—	—	—	—	—
3	Huntington, W. Va.•	—	—	—	—	34.9	—	—	—	—	—	10.3	—
4	Birmingham, Ala.	45.6	54.8	41.0	41.4	42.0	40.8	14.8	17.0	12.6	12.2	15.0	9.5
4	Atlanta, Ga.	34.0	42.5	28.6	31.8	38.6	26.0	15.5	17.2	14.4	11.5	13.4	9.1
5	Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—
5	Kansas City, Mo.	51.8	60.7	48.0	47.3	59.2	42.8	—	—	—	—	—	—
5	St. Louis, Mo.	46.2	56.5	39.9	48.9	54.2	41.1	—	—	—	—	21.9	—
6	Louisville, Ky.	43.3	54.1	38.0	44.3	51.8	39.0	13.0	15.0	11.0	11.9	14.0	9.7
6	Detroit, Mich.	54.1	57.9	49.9	51.7	53.1	49.5	—	—	—	—	—	—
6	Grand Rapids, Mich.	46.7	52.7	36.7	46.8	51.2	39.2	21.6	28.0	13.0	22.7	28.6	13.2
6	Cincinnati, O.	45.1	52.9	29.6	46.3	56.1	36.2	—	—	—	—	—	—
6	Cleveland, O.	46.5	49.3	42.3	43.2	46.0	37.9	15.1	20.2	12.0	11.8	19.8	10.0
6	Columbus, O.	41.7	55.4	55.3	49.7	52.3	37.2	14.5	15.2	13.9	11.5	11.7	11.4
6	Toledo, O.	47.0	50.0	43.5	46.7	50.0	45.0	—	—	—	—	—	—
6	Youngstown, O.	—	—	—	—	—	—	—	—	—	—	—	—
6	Milwaukee, Wis.	45.2	53.6	36.9	41.3	53.9	28.7	20.8	27.0	14.1	15.8	16.8	10.8
7	Cedar Rapids, Ia.	—	—	—	—	—	—	—	—	—	—	—	—
7	Davenport, Ia.	—	—	—	—	—	—	23.8	24.9	22.7	20.6	21.6	19.7
7	Des Moines, Ia.	49.7	60.8	48.0	43.2	62.0	41.0	—	—	—	—	—	—
7	Sioux City, Ia.	—	42.0	—	—	40.0	—	—	20.5	—	—	17.8	—
7	Minneapolis, Minn.	—	65.7	—	—	62.5	—	—	—	—	—	—	—
7	St. Paul, Minn.	50.5	65.9	35.0	48.1	58.2	36.0	—	—	—	—	—	—
7	Omaha, Neb.	45.1	46.3	44.5	46.2	48.6	44.6	—	—	—	—	—	—
8	Tulsa, Okla.	41.1	50.3	32.0	44.0	44.0	44.0	—	—	—	—	—	—
8	San Antonio, Tex.	43.0	55.0	36.5	47.5	54.7	39.0	12.5	13.6	11.0	11.6	16.9	10.2
9	Denver, Colo.	46.5	49.7	41.7	43.0	45.8	39.5	12.3	14.3	10.3	10.1	11.4	8.9
9	Salt Lake City, Utah	—	—	—	—	—	—	—	—	—	—	—	—
9	Casper, Wyo.	—	—	—	—	—	—	—	—	—	—	—	—
10	Portland, Ore.	46.4	49.3	43.3	41.1	48.1	37.2	—	—	—	—	—	—
10	Spokane, Wash.	61.0	64.1	58.0	52.6	58.0	47.3	—	—	—	—	—	—
11	Los Angeles, Calif.	47.0	57.0	42.1	48.5	54.6	45.0	—	—	—	—	—	—
11	Oakland, Calif.	42.9	48.8	37.0	41.6	50.1	33.2	—	24.3	—	—	20.3	—
11	San Francisco, Calif.	37.4	40.5	32.6	32.5	37.0	27.9	—	—	—	—	—	—
11	Santa Barbara, Calif.	50.8	52.8	49.6	44.3	48.0	37.4	—	—	—	—	—	—
12	Vancouver, B. C.	—	83.0	—	—	—	—	24.1	28.0	20.2	22.5	25.0	20.0
12	Victoria, B. C.	—	—	—	—	—	—	—	—	—	—	—	—
12	Ottawa, Ont.•	—	—	—	—	—	—	—	—	—	—	—	—

• 1942 figures not received at press time
° Installment

[1]Furriers
[2]Laundry
[3]Heating
[5]Lumber
[6]Paper and Paint
[7]Fuel
[8]Cleaning and Dyeing
[10]Artists' Supplies

FORTY-SEVEN KEY CITIES COOPERATING WITH THE RESEARCH DIVISION--THE U

…tion Scoreboard

May, 1941

…ORES (…ts)		…WELRY STORES					MEN'S CLOTHING STORES						SHOE STORES						AUTO ACCESSORIES, TIRES, GAS AND OIL						MISCELLANEOUS					
…41		…42		1941			1942			1941			1942			1941			1942			1941			1942			1941		
…L	LO.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
—	—	7.3	—	64.9	65.1	64.8	—	63.4	—	—	58.2	—	—	62.8	—	—	61.1	—	—	—	—	—	—	—	66.6	71.1[15]	64.0[7]	65.5	74.1[10]	52.0[7]
.4	16.6	.54	—	—	28.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	61.9[7]	68.7[7]	55.1[7]	43.5[7]	48.0[7]	39.1[7]
—	—	—	—	—	—	—	—	49.0	—	—	45.2	—	—	72.8	—	—	69.5	—	—	—	—	—	—	—	—	64.0[5]	—	—	72.0[5]	—
—	—	—	—	—	—	—	—	43.8	—	—	43.0	—	—	56.2	—	—	54.6	—	—	78.7	—	—	59.1	—	70.2	80.1[7]	51.0[5]	68.0	70.0[7]	52.5[7]
.6	—	—	—	—	—	—	—	41.0	—	—	51.2	—	—	66.1	—	—	59.4	—	—	—	—	—	—	—	55.0	74.0[6]	36.0[5]	52.5	73.0[6]	32.0[5]
.5	—	—	—	—	—	—	53.4	83.3	51.2	50.2	68.0	42.5	—	—	—	55.8	65.3	46.2	—	78.3	—	—	73.1	—	69.4	90.7[13]	57.2[7]	62.2	86.7[5]	50.4[7]
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	48.4	53.0[6]	43.9[7]
.3	12.2	—	—	—	—	—	—	—	—	31.8	32.3	31.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	67.4	68.0	66.9
—	—	—	—	62.7	74.3	51.1	—	—	—	45.8	54.8	38.7	—	—	—	58.0	66.0	50.0	—	—	—	—	—	—	—	—	—	77.9[5]	77.9[5]	77.9[5]
.9	11.0	38[6]	—	—	13.6[6]	—	46.9	50.0	43.9	45.8	53.1	38.5	—	58.5	—	—	59.7	—	—	—	—	—	—	—	59.0	69.2[6]	57.3[5]	53.4	57.4[6]	52.5[5]
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	45.6	59.4	38.0	38.2	41.3	38.4	50.0	51.9	47.0	45.6	51.2	42.0	—	—	—	—	—	—	—	—	—	—	—	—
3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
.0	9.5	—	—	—	—	—	45.7	49.7	42.8	44.3	48.9	40.2	—	—	—	—	—	—	—	—	—	—	—	—	75.5[14]	91.0[14]	65.0[14]	67.2[14]	76.9[14]	50.0[14]
.4	9.1	—	—	—	—	—	37.3	39.6	33.4	34.4	36.6	30.7	68.1	90.1	46.2	65.4	84.3	46.6	—	—	—	—	—	—	12.0[17]	12.0[17]	12.0[17]	11.0[17]	11.0[17]	11.0[17]
—	—	2.2	—	—	21.0[6]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	61.5[6]	—	54.2	56.5[6]	52.0[6]
—	—	—	—	—	—	—	51.8	60.7	48.0	47.3	59.2	42.8	—	—	—	—	—	—	77.3	80.3	74.4	74.7	77.7	71.8	88.2[14]	97.4[14]	79.0[14]	89.7[14]	94.4[14]	85.0[14]
.9	—	—	—	42.0	50.0	34.0	42.6	46.0	39.0	42.2	45.5	38.8	—	58.3	—	—	53.9	—	—	—	—	—	—	—	71.1[7]	76.3[7]	66.0[7]	48.7[7]	52.0[7]	45.4[7]
.0	9.7	—	—	—	—	—	—	38.5	—	—	40.9	—	—	—	—	—	—	—	—	—	—	—	—	—	56.7[6]	67.0[6]	46.4[6]	49.2[6]	58.0[6]	40.8[6]
—	—	.50	—	72.8	78.7	67.0	—	—	—	—	—	—	56.8	59.6	52.0	52.6	59.5	45.7	—	—	—	—	—	—	—	—	—	—	—	—
.6	13.2	—	—	—	—	—	52.4	65.0	42.1	51.2	62.5	39.8	—	—	—	—	—	—	—	—	—	—	—	—	65.3[7]	79.8[7]	46.0[7]	46.6[7]	56.7[7]	35.0[7]
—	—	1.0	53.8	61.1	65.5	56.6	53.5	60.6	46.4	44.4	48.5	40.3	66.9	78.5	55.3	67.2	77.5	57.0	—	—	—	—	—	—	61.5	74.6	48.0	61.3	69.0	55.0
.8	10.0	4	30.3	40.0	58.9	33.4	50.4	72.5	44.5	44.9	62.5	44.1	—	—	—	—	—	—	—	—	—	—	—	—	60.4[25]	70.5[25]	50.5[25]	51.8[25]	74.0[25]	43.0[25]
.7	11.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	9	—	50.0	58.0	42.0	38.9	39.4	38.5	41.1	43.1	39.0	—	—	—	—	—	—	—	—	—	—	78.9	—	—	78.1[9]	—	—	70.7[9]	—
—	—	—	—	—	—	—	54.5	57.9	51.0	56.1	63.7	50.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
.8	10.8	.0	18.7	34.8	44.6	25.0	48.5	56.0	43.0	46.8	47.1	46.5	—	55.1	—	—	51.1	—	—	—	—	—	—	—	—	39.0[1]	—	—	49.0[1]	—
—	—	—	—	—	—	—	55.1	56.8	53.4	53.8	60.1	47.8	—	69.0	—	—	64.0	—	—	—	—	—	—	—	—	67.2	—	—	65.4	—
.6	19.7	.0	—	—	27.5	—	53.8	56.1	51.5	52.1	52.3	52.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	44.8	45.7	44.0	44.1	45.8	42.3	—	50.0	—	—	50.0	—	—	—	—	—	—	—	—	—	—	—	—	—
.8	—	—	—	—	—	—	—	45.0	—	—	48.1	—	—	53.0	—	—	54.0	—	—	—	—	—	—	—	—	—	—	—	22.0[7]	—
—	—	.7	—	—	21.3	—	49.3	54.7	46.5	52.5	65.7	43.6	—	77.7	—	72.6	82.0	63.2	53.0	72.8	19.2	57.4	72.1	28.7	52.6[7]	72.5[7]	31.0[7]	43.2[7]	79.8[7]	32.0[7]
—	—	—	—	—	—	—	42.5	51.1	36.0	43.5	58.2	35.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	47.9	—	—	50.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	51.3	59.5	43.2	53.6	63.4	43.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
.9	10.2	.02[6]	—	—	19.0[6]	—	—	63.8	—	—	43.0	—	—	58.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
.4	8.9	.70[6]	—	—	15.0[6]	—	45.7	49.7	41.7	42.6	45.8	39.5	—	43.2	—	—	42.1	—	—	—	—	—	—	—	—	79.6[5]	—	—	80.0[5]	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	.0	—	—	40.0	—	56.0	64.0	48.0	43.5	58.0	43.0	—	71.3	—	—	69.9	—	—	—	—	—	—	—	—	60.0[5]	—	—	52.7[5]	—
—	—	.0[6]	16.8[6]	14.2[6]	22.7[6]	12.6[6]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	.40[6]	—	—	21.8[6]	—	36.8	40.2	33.4	42.5	47.4	37.7	—	—	—	—	—	—	—	—	—	—	—	—	63.2	82.0[11]	18.0[1]	57.0	75.0[1]	16.0[1]
—	—	—	—	—	—	—	53.7	58.0	50.2	56.3	58.2	46.3	55.4	56.2	54.7	54.0	63.2	49.9	—	—	—	—	—	—	—	—	—	—	88.8[5]	—
.3	—	—	—	—	—	—	50.6	52.4	48.8	48.6	49.4	46.8	62.3	68.5	56.2	52.0	55.1	49.0	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	40.3	45.3	37.8	37.0	45.0	35.7	65.6	87.0	44.4	60.0	76.5	43.4	—	67.1	—	70.8	76.1	66.1	—	—	—	—	—	—
—	—	—	—	—	—	—	59.3	72.9	40.8	58.3	64.0	48.8	52.3	60.9	46.9	52.0	62.2	45.6	—	—	—	—	—	—	63.6[15]	73.0[15]	58.9[15]	62.6[15]	78.2[15]	53.0[7]
.0	20.0	.0	—	—	55.0	—	53.0	58.0	47.9	56.1	58.1	54.0	—	83.0	—	—	87.4	—	—	70.5	—	71.4	73.9	69.0	76.2	98.6[18]	40.1[16]	71.6	89.1[2]	52.3[7]
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

COMPILED BY RESEARCH DIVISION, NATIONAL RETAIL CREDIT ASSOCIATION

…l Dyeing
…plies

[11]Builders' Supplies
[13]Grocery

[14]Stationery, Office Supplies

[16]Hardware
[17]Music

[18]Dairy
[19]Drugs

[25]Dental Supplies

…SION--…E UNITED STATES AND CANADA--CONTRIBUTE THESE FIGURES MONTHLY

The Effects of Credit Control in Canada

"It is my studied opinion that charge account control, if properly devised and administered, can be the greatest boon to everyone concerned with retail credit since the inception of charge accounts as an accepted form of doing retail business . . ."

J. A. Matatall*

AT THE FIFTH DISTRICT Conference in February, I felt somewhat like the only one of a group of swimmers who had taken the plunge while the rest of them stood on the dock inquiring if the water was cold and not being too reassured when told that it was not too bad. Everyone I met there seemed to be living in dread anticipation of charge account control and to say that most of them were deeply perturbed at the prospect would be putting it mildly. On top of that they did not seem to want to believe that the effect on their businesses would not be catastrophic when it did come. Since then charge account control has become a reality with you and down here I'm just one of the swimmers who has been in the water a little longer than the others who are now remarking that the water isn't quite so cold as they thought it would be after all. As you have found out, it is very much like everything else—not nearly so bad in realization as in the imaginings preceding the fact itself.

It is true that we in Canada have had a much longer experience with the new conditions occasioned by the unprecedented step which has been taken in controlling charge accounts, and, for that reason, your officers apparently felt that you would be interested in hearing our reactions and opinions, after having lived under the law for some eight months. In expressing these opinions and recounting the personal experiences which I must in order to tell this story, I want to speak to you not as a credit bureau manager, but as a retailer in which field I have had some twelve years' experience.

In case any of you are still perturbed about what the future of charge accounts may be in your store, I will commence by venturing a prophecy. Here it is: "It is my studied opinion that charge account control, if properly devised and properly administered, can be the greatest boon to everyone concerned with retail credit since the inception of charge accounts as an accepted form of doing retail business, and six months from now, most of you would be very loath indeed to return to the old conditions of a few short weeks ago, even if the opportunity did present itself."

*Secretary-Manager, The Ottawa Credit Exchange, Ottawa, Canada. An address given at the 30th Annual Conference and Credit Sales Forum, New Orleans, La., June 18, 1942.

You will notice that I have laid particular stress on the words *"properly devised and properly administered."* This was done purposely. As you know, Canada's law has been in effect for some months and, although imperfectly devised and practically unadministered, it nevertheless seems to merit the approval of nearly all the bona fide retail stores. Should it meet the two requirements I have mentioned, it is safe to say that retailers would not only approve but would be highly enthusiastic about it. While freely admitting that under the unusual conditions existing today legislators are faced with the necessity of experimenting with untried theories, for some inexplicable reason, when devising new legislation they seem to feel called upon, not only to cloak the real meaning of these laws in language entirely unintelligible to the layman, but also, instead of first discussing the problems involved with the persons most likely to have first-hand and valuable information thereabouts, seem to prefer to be guided instead by impractical theorists and incorporate their untried ideas in these new laws to the bedevilment of that class of persons which is to be most affected and governed thereby.

Why this should be I do not pretend to know. Usually the practical man with the knowledge is too self-effacing to force his opinions on anyone and even if given the opportunity, sometimes lacks the facility of expression and the ability convincingly and efficiently to present his argument. In our case, while instalment control was discussed briefly with some of us, we had no knowledge whatever of the projected charge account control until it had become law. To those in business its shortcomings and imperfections were immediately apparent and although it has been patched up several times since, it still seems to many of us to lack some of the provisions which would have appeared of prime importance to any business man who might have had a hand in its drafting.

Although most of you are probably familiar with our Act, which closely approximates your own, I propose, nevertheless, to outline it briefly with the thought and hope in mind that your Organization may be instrumental yet in guiding your authorities in the matter of administration. I will, therefore, emphasize the weak points and make some suggestions for avoiding the same difficulties here which we have experienced. I hope that these suggestions will be found to contain some merit.

As you will have noticed by now, the Act implementing this law outlines certain specific controls and infers many others, some of which have since been clarified by official interpretations but many of which have not. Our Order became effective on October 14, 1941, and, as yours does, covers a certain specified list of goods and services. What we are all still wondering is why the goods and services which were not included were omitted. I understand that under your Act a down payment on a conversion is not necessary and that only six months' time is permitted to liquidate a converted account except 12 months' time may be granted in connection with a statement of necessity where on ours, we are supposed to secure a one-third down payment (which is not always possible) and twelve months' time may be given on the conversion. Our Act requires a minimum of three-fourths of one per cent and firms which before charged more, may, under certain conditions, continue to do so. The original Act contained no specific carrying charge provision but this was added, as an afterthought, late in December.

Credit as a Commodity Is Being Rationed

It has been said many times that credit is a commodity and as a commodity it is being rationed. If this is so, it is difficult to understand why the rationing plan should be so vastly different from that used to ration any other commodity. Sugar is rationed in your country. The user, the consumer, is rationed. There is no attempt to force the man who sells the sugar to do the rationing because obviously that would be impossible. We tried that in our country. Everyone was on his honor to buy only one-half pound of sugar per person per week and I suppose the grocers did their best to see that each family did not buy too much more than they were supposed to, but nothing prevented that family going to three, four, five or six grocers and buying their one-half pound per person per week from each of them. In this business we learned long ago that there are a lot of people who are not too concerned about their honor, to whom conscience is not involved at all, and who will get away with whatever they can with safety. It can be assumed that it was for these reasons that our government has announced, within the last few days, that coupon-rationing will shortly replace the honor system insofar as commodities are concerned. The same applies to charge account control as we both have it. The seller is supposed to do the controlling. He cannot possibly do it! True, as long as the account is overdue, unpaid and unconverted, no further charges may be made at the same stores but there is nothing in the Act, either in your country or ours, to prevent the consumer from operating new accounts at other stores while his first, second, third, fourth and fifth accounts go overdue and remain unconverted or unpaid.

Leslie Silver, Manager of the Windsor, Ontario, Credit Bureau, referring to the Canadian Act, put this very clearly to his members in a recent bulletin from which I quote:

> **The new consumer credit regulations, as they stand at present, do not strike directly at the chief social problem raised by the expansion of consumer credit which is the tendency to involve consumers in debt beyond their ability to pay, to overload the buyer beyond his means and to undermine the solvency of the family.**
>
> **Merely regulating down payments and length of terms is not sufficient to control over-indebtedness on installment accounts involving merchandise, services or loans, for no limit is placed on the total number of installment accounts or ordinary charge accounts. The consumer debt problem remains substantially the same as it was before; over-indebtedness can only be controlled either by the consumer creditors voluntarily refraining from overselling individuals or by forcing them to refrain, through extension of the present regulations or by other legislation.**
>
> **There you have the whole story. Those who will suffer most by further governmental control are exactly those who are now the worst offenders.**

Efforts toward voluntary community credit policies are being made in various cities but we know, if we will be frank with ourselves, that these will not be entirely successful because in every community there is a fairly large percentage of merchants who will not cooperate with anyone and who will deliberately encourage the type of business which is by law being refused at other stores.

The fact that these outlaws are taking business rightfully belonging to legitimate merchants is not the most important fact, but it is important nevertheless. Three obvious reasons were behind the government's action in taking the step they have taken: The first was to prevent too great a commitment by the public generally against the day when the transition from war to peace must come. The second and probably most important, from the government's point of view, was to reduce spending thereby reducing demand for consumer goods and making plant, labor and materials available for war production. The third was to curtail spending so as to leave more money available for investment in War Saving Certificates, Bonds, etc. However, our experience has been and yours probably will be that while this Act will serve to reduce the amount outstanding on any given merchant's books and will increase his turnover of accounts beautifully, it is highly doubtful if it will decrease the total amount of commitments substantially because we know that overdue customers are opening accounts daily at other stores and are rotating these overdues deliberately so that if the goal which the government had in mind of reducing total commitments is to be fully achieved, then the rationing must be from the other end, and not devised only to control the conscientious, upstanding, honorable citizens who would cooperate were they merely requested to do so.

It is true that this Order gave us in one stroke not only a community credit policy toward which many of us have been striving for years, but a community credit policy toward which all must contribute to a degree. This was, of course, a somewhat more complete achievement than any voluntary effort would have ever produced because the unbelieving and the fringe of unethical retailers found in every community who never subscribe to any plan had no choice but to fall in line up to a certain point. The Order applying to the whole country as it did gave us what amounted to a national credit policy and I gravely doubt if any serious-minded and conscientious merchant in the country would willingly revert to the old system of competition in terms running all the way from early billing to postponed due dates, to say nothing of all the freak credit plans which had been devised. I want to make this point very clear and I want it understood that any criticisms of the law which

I have made or may make are not intended in any way to detract from the importance of what I have just said. For emphasis I repeat it: Our government, by the promulgation of this Order, accomplished more in one minute than all our efforts of cooperation along this line have achieved in twenty years. Its effect has been undeniably beneficial and it is already being alleged that the Canadian public now owes less of future income than at any time in the last ten years.

Terms of the Act

Two thoughts in connection with the Act will probably be uppermost in your minds. I imagine the first will be a reaction that the terms permitted are unduly and unnecessarily long. I agree with you absolutely. Although it must be admitted that Canadian stores (with the possible exception of Vancouver) never did achieve collection percentages comparable to American stores, the maximum terms provided seem too long to many of us. True, it has been pointed out that the terms set are maximum terms and stores selling on shorter terms may continue to do so, but experience has shown us that in matters of this kind the maximum soon becomes the minimum. At least the extra ten days could well have been omitted.

The government is interested only in the total amount outstanding in the country on charge accounts as on any given date and not in the number of days these charges remain outstanding, but one has a close and natural bearing on the other. Your second thought will probably be of the tremendous authorizing problems involved and with these you will have, by this time, become thoroughly familiar. To some of our merchants this, at first, presented an almost insurmountable obstacle because obviously all slipshod methods of authorizing were definitely out. Even floor or automatic authorizing of charges had to be discontinued because a fifty-cent charge to an overdue account was as great an offense as a fifty dollar one.

While it is questionable if the authors of our Act had any knowledge of authorizing procedure, this regulation has proved to be a blessing in disguise. Outmoded authorizing systems were replaced, customer history records were installed and immediate postings of charges and cash became accepted routine. There was no more "out of sight—out of mind." Constant references to accounts by the staff brought familiarity with them which had never existed before. Delinquencies and pet accounts could no longer be hidden and avoided. There were no more favorites—no more "friends of the boss." Authorizing staffs had to be increased but not as much as was at first thought, and the ultimate benefits many times offset the added expense. For that matter many stores spent too little money in authorizing records and they have found that they are a lot better off under the new conditions.

Possibly one of the best barometers of business conditions, insofar as credit is concerned, is the number of reports completed daily by the bureaus. After the new Act came into effect our bureaus checked very closely with one another and we found that we were all affected by approximately the same percentage. I have quoted to the bureau and collection managers some of our figures as an indication—a very definite indication to you—of what you may expect in the months to come. For example, in the first week after this Law was passed our credit reporting volume decreased exactly 60 per cent. For the next month the decrease was about 45 per cent, but after these first five weeks a very peculiar thing happened. Apparently by that time many of the bankers' accounts which the stores had been carrying for their customers had become liquidated. The public had also become accustomed to the provisions of the Order and familiar with its meaning because business commenced to improve until in January and February of this year our sales of credit reports exceeded the same months of last year while at the same time the merchants were reporting greatly increased cash sales.

Easter coming in March made a proper comparison difficult but, after making due allowance for Easter business, our March volume of credit reports was 20 per cent higher than March of last year. Then the law started to catch up with the public again. Apparently customers had been too optimistic in their commitments and had to get busy and pay up again because in April we showed a decrease of 25 per cent and this was continued into June and looks as though it will not only continue but will probably show a further decrease throughout the Summer and Fall. As you know, this was not occasioned entirely by the credit Act. A growing shortage of goods contributed and the existence in the pockets of the buying public generally of more cash than they have carried around with them for many a long year has increased the ratio of cash to total sales, but, undoubtedly, credit control was responsible for a very large part of it. In digesting these figures, however, two factors must be taken into consideration. The first is that our instalment and charge account control regulations both became effective at the same time and the second is that we have no means of knowing what contract sales were made without credit reports, on account of the increased down payment, or what volume of business was done on charge account by the type of retailer to which I have referred who neither knows nor cares about his customers' paying record, who previously did little if any charge account business, but who is now busy corralling as much of it as he can handle.

Comparison Shows Decrease

Many will doubtless be surprised that the decrease experienced was not greater but when you consider that the comparisons I have quoted are against the previous year's results and that the inflation spiral had already commenced to develop in 1941, you will realize that these comparisons represent very substantial decreases indeed when calculated against the large increases over the previous year's business which were anticipated.

Judging from reports received from individual stores all were not affected alike. Generally speaking, it appears that those carrying the smallest number of days overdues were the first to recover and those which lost no time in bringing their overdue accounts into line, either by securing payment in full or by conversion, were not far behind them while the ones which resented the Order and delayed fulfilling its provisions were the last to feel the surge of new business which followed. A fair

estimate would seem to be that about one-third of all overdues were paid during November and that about 20 per cent of them were converted in both November and December. The rest remained overdue to be dealt with by the Collection Managers as best they could. This was where the border line and the oversold account showed up as if spotlighted and on the whole the experience was good for the credit man's soul. While the conversion provision of the Law was very necessary during the first change-over there are many of us who feel that it should not be permitted to continue as it leaves a very wide loophole indeed. Many retailers are not above suggesting conversion to their customers and we feel that in some stores it will become a practice to convert and recharge, thereby absolutely nullifying the intent of the Order.

Another Method of Control

I referred to the rationing of credit as a commodity. Obviously it would not be fair or sensible for your government or ours to set a limit in dollars which anyone might spend on a credit basis during a given period because the needs of different families vary widely. In my opinion the rule should be that anyone may charge for any amount the merchants care to extend, as long as the accounts are paid exactly on the due date and that immediately an account becomes overdue in one store, credit is automatically discontinued in all others, until such time as the delinquent account is paid in full. This type of rationing of credit would bring the results desired by everyone, and such a control is not impossible.

Should the department entrusted with the administration of this Act have had to set up throughout the country hundreds of regional offices with which to control credit on this basis, I would be the first to admit that the gains to be thereby effected would probably little more than offset the costs because the cost would be terrific, but you have in your country and we have in ours the offices not only capable of handling this voluminous detail but more capable of doing it than any offices which the government might bring into existence. I refer, of course, to your credit bureaus. Many of them are owned by the merchants and the others are largely merchant controlled. They could exercise this control over not only charge accounts but instalment accounts as well, and relatively little added routine would be necessary. A standardized contract and instalment account form could be adopted by the government and only that official form used. All contract forms issued to each licensed business would have to be accounted for to the nearest bureau. All such contracts would be scrutinized by the bureau staff to make sure that the users complied with the Order and any which did not would be brought to the attention of the Department investigators who thus would have their work efficiently and intelligently directed instead of waiting for complaints of violations, while thousands of infractions remained unknown, unrestrained and unpunished not only in the larger cities but in the smaller towns and cities whose merchants seem to feel that this Law was not intended to apply to them in any event.

All charge accounts would be opened on an official "Application for Credit" form approved by the government and secured only from government storerooms. These likewise would be numerically accounted for. In addition, each firm extending credit would be required to report to the regional office daily all accounts denied charging facilities because of delinquency. The bureau would be responsible for reporting this information to all others interested in those individuals so that they also would close off their credit until such time as the delinquent accounts were paid and these customers once more became eligible for a further rationing of credit. The comparatively small cost involved could be borne by the consumers which would in itself act as a further deterrent to the opening of numerous accounts by the same people.

True, this would be a new and different function for credit bureaus but it would give to you as merchants and credit managers a control of credit which you have never had, or as I read in a recent article: "It would bring about a condition whereby the credit managers of the country would really control credit, rather than having credit control them as it has for the past ten years at least."

We have already made this recommendation to our Government and we are given to understand that it is under consideration at the present time. Whether or not they will accept this recommendation we have no means of knowing but if the suggestion finds merit among this group I seriously recommend that steps be taken to make representations to the Department charged with the administration of the regulation without loss of time. You have powerful arguments—you can achieve more than can possibly be achieved under the Act as it now stands and certainly you should be given a sympathetic and interested hearing in bringing to your government a plan to achieve for it—without further cost—the result which must have been desired when the legislation was conceived. This is all said with full knowledge that the A. C. B. of A. has already stated in its official organ that no such step will be taken by them. We felt that way in Canada too—last October—but not now—not now. This would not be, as the bureaus seem to feel, a matter of the bureaus policing their members but of the members cooperating together with the bureau and with the government to make possible complete and efficient control, at the same time insuring the public of fair treatment and the stores against unfair inroads on their businesses by all and sundry of the too many unscrupulous retailers in the country whose existence we must admit.

Whether or not these improvements in conditions surrounding the operations of our businesses will be realized remains to be seen, but as it is hoped that the control inaugurated will not be removed when the war is over we can only do our best to bring them about as quickly as possible. This much we can be sure of, that the large majority of retailers will conduct their businesses strictly according to the interest and spirit of whatever regulations and restrictions are placed on them, that they will continue to demonstrate the "Good Faith" without which these restrictions would necessarily fail, and that the large majority of American *and Canadian people will cooperate with the retailers in accomplishing the ends which we are assured must be attained as a small contribution toward the general plan adopted as vital to the successful prosecution of the war.*

BAROMETER of Retail BUSINESS

Sales and Collection Trends May, 1942, vs. May, 1941

Compiled by Research Division, National Retail Credit Association

Arthur H. Hert, Research Director

CREDIT sales *decreased* 7.5 per cent during May; total sales increased 2.3 per cent; and collections increased 3.7 per cent, in the United States and Canada as compared with May, 1941. *Regulation W strongly affected credit business, while collections and total sales continue to improve as a result of the large amount of money in circulation due to war work.*

Highlights of the monthly analysis are shown in the tables below:

Highlights for May

45	Cities reporting.
16,253	Retail stores represented.

COLLECTIONS

37	Cities reported increases.
3.7%	Was the average increase for all cities.
30.0%	Was the greatest increase (Toledo, Ohio).
2	Cities reported no change.
6	Cities reported decreases.
12.1%	Was the greatest decrease (Abilene, Texas).

CREDIT SALES

41	Cities reported decreases.
7.5%	Was the average decrease for all cities.
22.0%	Was the greatest decrease (Jacksonville, Fla.).
1	City reported no change (Ada, Okla.).
3	Cities reported increases.
8.0%	Was the greatest increase (Concord, N. H.).

TOTAL SALES

31	Cities reported increases.
2.3%	Was the average increase for all cities.
25.0%	Was the greatest increase (Charlotte, N. C., and Beaumont, Texas).
1	City reported no change (Ada, Okla.).
13	Cities reported decreases.
15.0%	Was the greatest decrease (Jacksonville, Fla., and Youngstown, Ohio).

Recent Elections

Districts Three and Four at Knoxville

The third and fourth Districts of the National Retail Credit Association held their annual Conference jointly at Knoxville, Tenn., April 13, 14 and 15. At this meeting the following officers and directors of the Third District were elected: President, Lenville Parker, Geo. Muse Clo. Co., Atlanta; Vice-President, George Keen, J. A. Karven Co., Columbus, Ga.; and Secretary-Treasurer, L. S. Gilbert, Credit Service Exchange, Atlanta. Directors: T. Wilbur Thornhill, Charleston Oil Co., Charleston, S. C.; Charles Evans, The Aug. W. Smith Co., Spartanburg, S. C.; Rudy Moss, Young Men's Shop, Jacksonville, Fla.; G. L. Garrett, J. B. Ivey & Co., Charlotte, N. C.; and Henry Alexander, Belk Bros. Co., Charlotte, N. C.

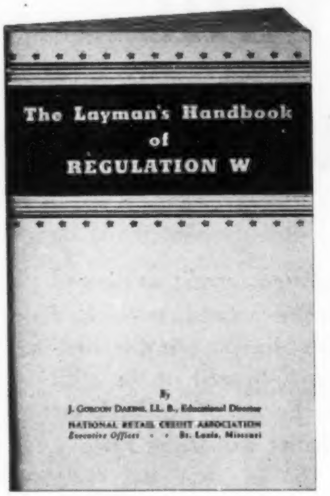
Officers and directors of the Fourth District elected at the meeting are: President, J. G. Sullivan, Morris Plan Bank, Knoxville; Vice-President, P. G. Wright, W. L. Hailey & Co., Nashville; and Secretary-Treasurer, Evans Roberts, Welsh and Levy Clo. Co., Baton Rouge. Directors: Kaa F. Blue, Foundation Plan Inc., New Orleans; W. E. Haase, Sterchi Bros. Stores, Chattanooga; F. A. Terrell, Sears Roebuck Co., Mobile, Ala.; John N. Weaver, Allen Jemison Co., Tuscaloosa, Ala.; and J. P. Williams, Mississippi Power & Light Co., Jackson, Miss.

Oklahoma City, Oklahoma

The officers and directors of the Retail Credit Association of Oklahoma City for the ensuing year are: President, Ben Leyerle, Oklahoma Gas & Electric Co.; Vice-President, Cecil Brown, Oklahoma Natural Gas Co.; Secretary, Josephine Purdin, Lain-Eastland-Lamb Clinic; and Treasurer, Herbert Pickett, Central Morris Plan Bank. Directors: Scott Downey, Harbour Longmire Co.; May Mathewson, Barth Clothing Co.; Raymond Workman, May Bros.; M. R. Redman, Rothschild's B & M; and Opal Woody, Harry Katz, Inc.

District Ten at Seattle, Washington

The Tenth District Conference this year was held May 18 and 19 at Seattle, Wash. At that time the following officers and directors were elected for the ensuing year: President, R. T. Schatz, Washington Water Power Co., Spokane; Vice-President, Thomas McCormick, Falk's Ltd., Boise; and Secretary-Treasurer, Thos. Downie, Retail Credit Grantors' Bureau Ltd., Vancouver, Canada. Directors: Barney Murphy, Strain Bros. Inc., Great Falls; J. A. Campbell Smith, Hudson's Bay Co., Calgary, Canada; Herbert Benson, Reliance Lumber Co., Tacoma; William Bell, Canada Permanent Mortgage Corp., Vancouver, Canada; and Walter Larson, Salem Credit Grantors' Assn., Salem, Ore. Joseph A. H. Dodd, Portland Gas & Coke Co., Portland, Oregon, was elected National Director and Wells Huntley, Retail Service Bureau, Seattle, Wash., Alternate National Director.



Do You Know the Answers to These Questions?

Does Regulation W permit the use of coupon books?

Can interest be charged on past due charge accounts?

Is the required down payment on a floor lamp 20% or 33⅓%?

What is the difference between "instalment credit" and "instalment sale"?

What rules govern "add-ons"?

How are 30-60-90 day accounts handled?

How are letters and notices worded to comply with the Regulation?

How long can an instalment account be overdue and still enable new instalment charges to be added?

How many times can you renew a pre-May 6 single-payment loan?

When is a statement of borrower required?

What factors must be present before you can accept a statement of necessity?

How do you consolidate a converted charge account with an existing instalment contract?

What transactions are exempt from the Regulation?

What rules cover lay-aways?

Does credit covering repairs to a fur coat come within the Regulation?

Are pencils and fountain pens listed articles?

How are "charge takes" and "charge sends" authorized in accordance with the Regulation?

What is meant by "default" and "cure"?

★ ★ ★

These and scores of other questions of vital importance to you in your operations are answered in *The Layman's Handbook of Regulation W*.

HOW MANY DO YOU KNOW?

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Available July 15

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Installment Credits in Wartime

The impact of the war on installment credit as viewed by WILLIAM H. BALDWIN, Manager Credits—United States and Canada, General Motors Acceptance Corporation, New York, N. Y. An address delivered at the 30th Annual Conference and Credit Sales Forum of the National Retail Credit Association, New Orleans, La., June 17.

I KNOW WE ALL FEEL here at this Conference that regardless of what we do or say, the war effort comes first. Certainly our discussions are important to us, but they are really picayune alongside the major issue of winning the war and the sacrifices many are making on the war's frontiers. In fact, winning the war is so important that we are just wasting our time here if we don't win it—and we definitely expect to do that.

If there is any one thing those in our Corporation feel keenly, it is that we are not in a direct war industry and cannot readily convert ourselves to one. Of course, our parent corporation, General Motors, is 100 per cent in war manufacture, and when automobile mass production goes to war, it's "taps and dies" for the other fellow. For our own part, we have lost many men direct to the service and to the Government and also have loaned others to various Government activities. At all times we are endeavoring to figure out in what ways a company with an organization, experience and facilities like ours can best adapt itself to the war effort.

But, to turn to the impact of the war on installment credit. When referring to the war period, I mean September, 1939, when the whole thing started. The experience I will give you covers hundreds of thousands of accounts spread over a very broad area, the United States and Canada, and it is mainly on automobiles, although including also electric refrigerators. These produce the bulk of our business, but we also finance anything General Motors, up to Diesel powered locomotives and tugboats. We finance our dealers both at wholesale and retail. Through these dealers we get our retail paper which gives us our installment experience.

Even before the war began, the trend toward shorter down payments and longer terms seemed to be starting again. I say "again" because it was only two years previous, in 1937, that the more conservative of us had become greatly concerned and had succeeded in reversing similar poor trends. Four months after the war began, the weakness in down payments and terms had already surpassed that of even 1936-37. The condition grew weaker through 1940 and 1941, in spite of the efforts of all too few to combat it. I spoke on this matter at several NRCA District meetings more than a year ago, and at your last Annual Convention the National Retail Credit Association went strongly on record to do something about it. In the meantime the Government had been interesting itself in the situation, for more reasons, however, than just credit. Then came Regulation W. I want to say here, with all sincerity, what we have said before and elsewhere that if installment credit had to be regulated, we were glad to see it supervised by the Federal Reserve System. In our contacts with their officials, both before and after Regulation W, we have always found them most understanding, receptive and fine people to deal with.

More than credit was involved in Regulation W, for its original aim was also to prevent consumer goods competing with war production, to deter inflation, and to set up future consumer buying power. Regulation W became effective September 1, 1941, just two years after the war began and three full months before Pearl Harbor. It gave installment credit the honor, if you want to call it that, of being the first consumer item to be rationed in this war. The injection of Regulation W into installment credit was healthy, for the patient was very weak. His sales glands were so overworked that his credit extremities were becoming freaks in length and his underpinnings were dissolving by the month.

An earlier impact of the war on installment credit was the Selective Service Act. We were rather concerned as to how the entry of men into the service would affect their outstandings with us, but our results to date have generally been most satisfactory.

Another war impact on installment credits has been not only the greatest migration of people in our history, but shifts of millions into entirely different occupations. Fortunately the migrants generally have gotten work and have paid quite well, although the job of tracing their

cars in some cases hasn't exactly been as easy as following tracer bullets. Priorities unemployment, too, has been heavy at times and in places, but has had only temporary adverse effects. One doesn't have to have credit religion to realize what a "transmigration of souls" there will be after the war, which won't wind up in any paradise, at least for the credit man, unless debts should be pretty well paid by then.

This war has produced great phenomena, as, for instance, the hot weather ahead will be a period of the biggest freeze, at least in business. Then another war phenomenon is a boom and a depression going at the same time. This is truly a selective prosperity. Wage-earners and farmers are in a lush period, while white-collar people, others of fixed income, and still others who have not converted or cannot convert to war effort, are in a depression. With all this, those of our customers in the depression end of this war have generally managed to continue satisfactorily with us, with our interested help and some additional time to pay.

The freezing and rationing of automobiles and tires, several months ago, caused a credit shift in our business from the purchase to the liquidation of receivables. In our past liquidating periods, economic conditions have likewise been declining, causing unusual customer defaults. The present period of our liquidation, however, has in general been different, with rising pay rolls and falling unemployment. Such conditions would ordinarily prove a credit man's "Happy Hunting Ground," but migration, priorities unemployment, military service and tire rationing have increased the collection burden, eliminating the happy part and just leaving plenty of grounds for hunting.

With Regulation W, down payments and terms have ceased to be a competitive sales factor. Larger down payments and monthly installments have also helped improve our repossession experience. This is not at all surprising to us, for our own efforts produced the same results in the weak 1936-37 situation. Our most dependable credit guide, however, is a general one that is framed and hung on the walls of our Branches, taken from a thought expressed by our President, Mr. Schumann, in 1936. It reads: "We must not forget the primary reason for our excellent experience with our outstanding credits during the depression was the policies we pursued in selecting them in the previous period of prosperity." The depression referred to is that of the early thirties. The guide, however, is good at all times.

Automobile financing has had its full share of rationing. First came restrictions on the credits, then on the automobiles, then on automobile essentials, rubber and gasoline. This is not mentioned critically because all of us are willing to sacrifice anything to the war effort, if the demands made on us are actually necessary and are also equitable. The point is made, however, as a phase of war installment credits and also for any satisfaction it may give you, should you be in a business that has not been affected so soon or as much. We realize we have been in the middle of all the freezing and rationing, because the national life of our people is built around the automobile, and transportation is an important, if not the most important, war essential today. With all the rationing, however, I am sure every credit man wonders why one very prolific source of rubber has gone unrationed, i.e., rubber checks.

As severe as the impact of the war has been on automobile financing, it has been even more severe on automobile dealers. These particular retail merchants deserve a real tribute for the spirit and manner in which they have taken the various restrictions affecting their businesses. Of course, as all good businessmen should, they have remonstrated and offered suggestions, where they thought measures or acts might seem unduly burdensome or harmful. While some have had to withdraw, the majority at this time have a determination to stay in business as long as possible. They are doing this by radically reducing expenses, endeavoring to keep as liquid as possible and increasing their efforts to build up potential business through other than car sales. Because dealers have not been able to turn over their new cars, the wholesale inventories we have been carrying for them have been built up quite high in some cases, in relation to financial positions. We have confidence in the dealers, however, and are glad to be of this service to them as well as of help at the same time to both the United States and Canadian Governments in this part of their transportation problem. A major reason also for wanting to help dealers in this trying period is to assist them not only in maintaining their places of business but also as much of an organization as possible for the postwar days.

All wars end, and when this one does, the credit job will shift again, from liquidation to the purchase of receivables. Of course, there is still a big and intelligent job to do on current credits, for the nation has not gone on a cash basis by any means. It's still possible to get pants on the cuff, even though you can't get a cuff on your pants. I have been amused at times at those who express the opinion that Regulation W must have settled everything creditwise. If that were so, all we would have to do would be to see that down payments and terms comply with the Regulation, throw the contracts in the vault and wait for results. I am sure the results would be "something." Good down payments and short terms just don't make 'em good. Short down payments and long terms don't necessarily make 'em bad. No, we still have our fundamental credit factors to consider, in addition to Regulation W.

The basic elements of sound installment credit have not changed; they have only been compounded in differ-

In the August Issue

"All Out Effort in Our National Emergency," Capt. A. A. Nichoson, The Texas Company, New York

"Production for Victory," Charles T. Evans, Arkansas Power and Light Co., Little Rock

"Five Years of Progress," Miss Lily Person, Plymouth Furs, Inc., Minneapolis

"Letters," Carl Wollner, Panther Oil & Grease Manufacturing Co., Fort Worth

"Financing American Industry in War and in Peace," John S. Fleek, Hayden, Miller & Co., Cleveland

ent proportions. The validity of the three C's, Character, Capacity and Capital, has not been challenged. Incidentally, in our business we consider two other credit C's, i.e., Conditions and Collateral. One general thought on conditions is that our installment credits take us much further into the future than short term credits. On collateral, we have values and other factors also to consider as well as the personal credit. I won't go into the various aspects of the five C's under war conditions, except to say that alertness to sudden changes was never more important. We must get away from any idea that change comes slowly.

Credit Changes of War Came Fast

Credit changes in this war have been not only fast, but almost unbelievable. For instance, isn't it a case for Ripley when automobile dealers, of all merchants, go out of business during a boom? A boom ordinarily should mean prosperity for gasoline stations, roadside restaurants, vacation resorts, etc., but it will mean just the opposite for many of these. These changes are proving again a point that has been difficult to get over to some, even in credit, i.e., past good paying experience is only a guide, not a guaranty, of future performance. Future tax payment dates, War Bond purchases, any compulsory plans to reduce purchasing power, or the sudden ending of the war will upset budgets and thus affect the paying ability of our customers. Don't forget also that loss may come from the honest as well as the dishonest, for if they get into financial difficulty, any resulting loss is not figured in intentions but in dollars.

One decided change caused by the war has been in our "collateral" credit factor. In establishing car values, tires were formerly just a side show, today they are the main tent. Retail car value is now measured more in relation to tire mileage than so-called book value. As a result, dealers are asked to certify to the condition of tires on submitting contracts to us for purchase. Little problem has been encountered on this score, however, since the buyer also insists on good tires these days. In addition to new credits, the tire factor has also affected repossessions of older model cars somewhat, but March and April rates of repossession were below those of a year ago, with the trend down.

Now, let's draw some conclusions. First, we must recognize that consumer credit is a rationed article and, therefore, like other consumer goods is in a liquidating phase. If there is any doubt about this, just recall President Roosevelt's Special Message to Congress in which he recommended that credit and installment buying be discouraged and people encouraged to pay off mortgages, debts, etc. This curtailment of credit means sacrifice for all of us in this line, but I believe we all feel that if this or anything else is necessary to help the war and also the post-war effort, we want to do our part. One of our credit jobs, therefore, is to make certain that in the process of effecting proper liquidation, as well as accepting any new credit, we do this strictly in accordance with the Government's expressed wishes.

One very important responsibility of credit men, today, is to keep reviewing plans, policies and agreements that were set up in peacetimes and to revise them, where necessary, to fit the very different conditions of the war economy. In other words, the rose colored glasses of peace need to be replaced by the battleship gray glasses of war.

As credit businessmen, it is our job to conduct ourselves so that we will have the respect of others and self-respect. This means observing the rules of good credit and of regulations issued, yet never failing to stand up for what we think is right, fair, and economic. In this connection, the National Retail Credit Association is to be especially complimented for its vigilance and activity, as indicated, for instance, by Mr. Shealey's activities. (Recently he presented the Association's position against proposals to relieve co-makers of their responsibilities on debts for which they had signed with men in the service.) It is my feeling that the businessman's handling of his affairs, his attitude and his demonstrated ability to get things done will do much to establish his position in the post-war scheme of things and to determine how much or how little of the war's regulations and measures will be necessary, if at all, after the war. Above all things his attitude should be cooperative, not hostile.

A thought about the credit man. In the old days, credit was quite evidently looked down upon, not only by the public but by those in it. Those were the days when the public considered anyone almost a social outcast if it became known that he bought even a piano on time, while the man on the stool (the credit stool, not the piano), was pictured as more anxious to reject than accept business. No wonder credit was so small a part of business in those days. Even up to 1912, only 13 per cent of the total retail volume was estimated to be on credit; today, credit sales are estimated at between 35 and 40 per cent of the total. With credit today so large a part of the total business and now well accepted by the public (too well accepted at times), there has also been a decided broadening in the viewpoint of those handling credit. When we consider, therefore, the importance of credit plus the fact that the credit man or woman must be well versed not only in his own business but in all the outside world developments and the factors affecting his business and its customers, the credit specialist today cannot help but be one of the important pillars and guiding interests not only in his organization but in the national economy. It seems to me that the credit person who has successfully gone through the depression of the early 30's, the sharp decline of 1937-38 and the "never-before" circumstances of this war, will have seen nearly everything. This is experience which no one can buy for himself and which no organization can afford to give up.

Major Responsibility of Business

This brings us to what I feel is the major, perhaps the most important, responsibility of business aside from the war effort, i.e., the maintenance of a proper organization during these times, so far as that is possible. This is one thing in which our Company and General Motors are most interested, not only with regard to our own organizations but to those of our dealers. Wars, depressions and other adverse factors may come and go, but a good business will ride out any storm. To do this, however, requires a long-swing viewpoint. The build-

ing of a good organization takes years; that much time will not be given after this war. The credit or any other organization that will contribute most to the post-war effort will be the one that is all "set to go."

The end of the war will find us with a high national income and, depending on the length of the war, heavy war bond and other savings accounts, great consumer needs and reduced consumer debt. The end of the war will also find the country with greater productive capacity than it had at the beginning. This huge capacity, with new and improved techniques, materials, etc., will then return to peacetime products. The aim will be to put not only the United States but the whole world on a higher standard of living through making things in volume and at prices that can reach even the lowest strata.

Transition from War to Peace Economy

One problem of the post-war period will be to find outlets for these products, so as to minimize the amount of unemployment growing out of the transition from a war to a peace economy. Credit will be needed more than ever to finance this transition period. Installment credit, especially in the automobile field, will have a very important function to perform in the development of peace markets. It is not too much to expect that progress in the handling of installment credit problems will come out of the war. Whatever is learned from the machinery of installment credit control and experience gained during the war should be useful in the post-war period. One thing in particular that I hope has been learned is that extreme credit concessions should not be used hereafter as a competitive device in the development of the markets.

The war has clipped the wings of installment credit and more or less grounded it for the duration, but it's no Dodo bird and will fly again to even greater heights than ever before.

CREDIT FLASHES

Merriam Joins Coast Guard

Malcolm L. Merriam, who has been in charge of credit research for the Bureau of Foreign and Domestic Commerce, Washington, has been commissioned a lieutenant in the United States Coast Guard. He was well known for his work in connection with the retail credit surveys of the Department of Commerce and appeared on the program of our national conventions for the past four years. His work has been taken over by Dr. Duncan Holthausen, formerly with the National Bureau of Economic Research.

Omaha Elects New Officers

At the annual election of the Associated Retail Credit Grantors of Omaha, Harry O. Wrenn, Credit Manager, Nebraska Clothing Co., was re-elected president. Other officers elected include: First Vice-President, C. F. Basler, Kilpatrick's; Second Vice-President, L. A. Porter, Eppley Hotels Co.; Secretary, Allen T. Hupp, Associated Retailers; and Assistant Secretary and Treasurer, Earl Higgins, Associated Retail Credit Bureau. Directors, J. F. Thomas, Schmoller and Mueller; O. E. Mueller, Omar Baking Co.; Mrs. Kate Jean Bristow, Berg Clothing Co.; Mrs. Ellen Steinert, George I. Elmore Co.; Robert Page, Northwestern Bell Telephone Co.; L. E. Christiansen, Sears, Roebuck and Co.; and Arthur Ahlstrand, Nebraska Power Co.

Kant Made Honorary Member of Breakfast Club

Erwin Kant, Credit Manager, Schuster's, Milwaukee, and Past President of the National Retail Credit Association, was made honorary member of the Credit Women's Breakfast Club of Milwaukee, at a dinner celebrating the first anniversary of the club. He promoted the organization of the club when he was president of our National Association.

Meetings ELECTIONS NEWS ITEMS Personal and OTHERWISE

Mason New President of A. I. B. A.

John J. Mason, President of the Mason Plan, Mobile, Ala., who has served the American Industrial Bankers Association as its Treasurer for the past four years, was elected President of that Association for the ensuing year at its eighth Annual Institute in Chicago, April 20-22. Mr. Mason has been an active member of the National Retail Credit Association for many years and has served as chairman of our Banking and Finance group at our national conventions. The American Industrial Bankers Association is the outgrowth of the Banking and Finance Group of our Memphis Convention in 1934.

Danville, Virginia, Credit Women Organize

The Credit Women's Breakfast Club of Danville, Virginia, was organized on March 30. Officers include: President, Mrs. Irene Lentz, Retail Merchants Association; Vice-President, Mrs. Clara Meadows, Wyatt-Hall Food Store; and Secretary-Treasurer, Louise Walker, L. Herman's. Directors: Jack Powell, Register Publishing Co.; Ruby Barker, Gurdine-Geneva Shop; Mrs. Jacob Silverman, Jacob Silverman Clothing Co.; and Ryland Shields, First National Bank.

Canadian Credit Regulation Change

In the article, "A Streamlined Method of Handling Accounts Receivable," published in the June Credit World, it was stated that accounts were closed off as of the 23rd of the month. W. J. Tate, Controller, Bryson Graham Co., Ltd., Ottawa, author of the article, writes that new government regulations require that they now close as of the end of the month so that the complete month's transactions are included in bills.

Savannah Credit Managers Elect

At the annual meeting of the Associated Retail Credit Managers of Savannah, the following officers and directors were elected: President, J. L. Engel, Jr., Colonial Oil Co.; Vice-President, Edgar Eyler, Citizens and Southern National Bank; Treasurer, C. B. Gnann, Morris Levy; and Secretary, M. B. Weldon, The Credit Bureau, Inc. Directors: John W. Bridger, The Jones Co.; Mrs. Lennie Harrison, Bill Kehoe Tire Co.; Lois Ryals, Stubbs Hardware Co.; Mrs. Winifred Whipkey, Morrison-Sullivan Dry Goods Co.; Hugh Shearouse, Savannah Hotel; and Mrs. Lillian DeWitt, Starland Dairies.

Morris Plan to Meet at Absecon, N. J.

The twenty-third annual convention of the Morris Plan Bankers Association will be held at the Seaview Country Club, Absecon, New Jersey, October 12, 13 and 14, 1942, according to announcement by Richard H. Stout, President.

New Officers at Detroit, Michigan

Recently elected officers and directors of the Retail Credit Association of Detroit, Michigan are: President, Ray V. O'Toole, Eastman Kodak; First Vice-President, M. L. Hamacher, Michigan Consolidated Gas Co.; Second Vice-President, Thomas Black, Rayl Hardware and Sports Store; and Secretary-Treasurer, Frank E. Parker, Merchants Credit Bureau. Directors: W. L. Brodie, Russek's; R. V. Chaffee, Ernst Kern Co.; Max Coe, J. L. Hudson Co.; A. G. McConnell, People's Outfitting Co.; Roy Angers, Hughes & Hatcher; Albert A. Beste, Koening Coal & Supply Co.; Howard Godfrey, J. L. Hudson Co.; Catherine Fett, D. J. Healy Shops; Harold Morse, Crowley-Milner & Co.; Frank Osborne, Harpur, Inc.; and John Rose, Crowley-Milner & Co.

Delaney New President of New York Credit Men

Harry J. Delaney, Vice-President of Meinhard, Greeff and Co., Inc., was re-elected to the Presidency of the New York Credit Men's Association for the coming year by unanimous vote at the annual meeting of the Association on May 21. Clarence L. Riegel, formerly with the General Electric Company, continues as Executive Manager of the Association.

Alma Spiller, 40 Years With Firm

Miss Alma Spiller, Office Manager of Byck Brothers Department Store, Louisville, Kentucky, just completed 40 years of service with that firm. Miss Spiller has always been active in local and national credit affairs and was the first President of the Credit Women's Breakfast Club of Louisville. She was honored with a dinner for the occasion and presented with a watch and a radio.

New Secretary of Kansas City Association

A. L. Dye was elected Secretary and Treasurer of the Retail Credit Association of Kansas City, Missouri, to serve during the absence of Captain M. G. Riley who is now serving in the U. S. Army Air Corps.

L. L. Meyer Heads Houston Retailers

Leopold L. Meyer, Vice-President of Foley Brothers, Houston, Texas, and a past President of the National Retail Credit Association, was recently elected President of the Houston Retail Merchants Association.

Among Those Present At the New Orleans Convention

The 30th Annual Conference and Credit Sales Forum of the National Retail Credit Association held in New Orleans, June 15, 16, 17 and 18, 1942, was one of the most successful and instructive in the history of the Association. We were fortunate in having with us as our guests, Hon. Ronald Ransom of the Federal Reserve System and several assistants who participated in an open forum discussion of Regulation W, a subject which is very important to the credit fraternity at the present time. On this page are photographs taken at the Convention of some of the notables who attended the meeting.

Shown in the top picture above are three newly elected officers of the National Retail Credit Association. From left to right: Jos. A. White, Harris Department Stores, Pittsburgh, Pa., First Vice-President; H. J. Burris, John Taylor Dry Goods Co., Kansas City, Mo., President; and Joseph H. Riggs, Florida National Bank, Jacksonville, Fla., Second Vice-President.

Lower left: David D. Bolen, Younker Brothers, Des Moines, Iowa, retiring President, N.R.C.A.; Hon. Ronald Ransom, Vice-Chairman, Board of Governors of the Federal Reserve System, Washington; and L. S. Crowder, General Manager-Treasurer, N.R.C.A.

Lower right: Lloyd B. Raisty, Federal Reserve Bank of Atlanta; L. L. Meyer, Foley Brothers, Houston, Texas, past President of the National Retail Credit Association; and Dr. Carl E. Parry, Chief, Division of Security Loans, Federal Reserve System, Washington.

In addition to the new officers and directors of the N.R.C.A. shown in the above pictures, following is a list of directors-at-large elected at New Orleans: Stanley Kemp, New Orleans Public Service Co.; Lloyd B. Ferrell, Southwest National Bank, Wichita, Kan.; Wells J. Huntley, Retail Service Bureau, Seattle, Wash.; T. W. Walters, Morris Plan Bank, Cleveland, Ohio; Rudolph M. Severa, R. H. Macy & Co., New York City; and G. Scott Murray, Murphy-Gamble, Ltd., Ottawa, Canada.

District Directors Ratified

District directors ratified at the Convention were: District 8, Francis Amsler, E. M. Scarborough & Sons, Austin, Texas; District 9, Roderick E. Langton, Salt Lake Tribune Publishing Co., Salt Lake City; District 10, J. A. H. Dodd, Portland Gas & Coke Co., Portland, Ore.; District 12, LeRoy N. Dickerson, Wilmington Furniture Co., Wilmington, Del.; and District 13, Bernard D. Fuchs, Block & Kuhl Co., Peoria, Ill. District 11 held no meeting in 1942 and Harry L. Bunker, H. C. Capwell Company, Oakland, Calif., was elected at the Convention to represent this District.

Milwaukee, Wisconsin, home of Past President Erwin Kant, was chosen as the meeting place for the next Convention to be held June 21-24, 1943. In the event no annual meeting is held next year because of the war, Milwaukee will remain the next Convention city regardless of the future date at which it will be held.

The Book Shelf

Cases and Questions to Accompany Bell and Johns' Auditing (Prentice-Hall, Inc., 70 Fifth Avenue, New York, 183 pages, $2.50)—It is believed that this volume containing cases and questions combines the best features of the two methods available for illustrating the theory of auditing by means of laboratory practice work: the long- or continued-problem method and the individual illustrative-case method, retaining the advantages of each. As balance sheet and other items are discussed in the text, separate problems are provided to illustrate the auditing procedure involved.

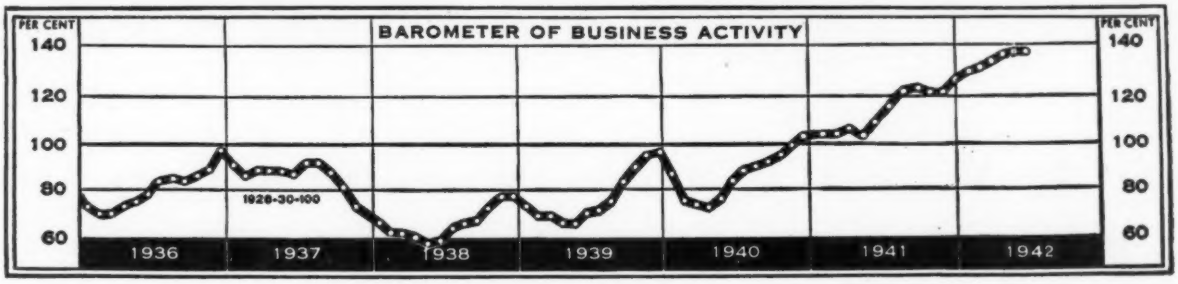
Consumer Instalment Credit and Economic Fluctuations (National Bureau of Economic Research, Inc., 1819 Broadway, New York City, 239 pages, $2.50) —This volume by Professor Gottfried Haberler of Harvard University is the ninth in a series of studies by the National Bureau on consumer instalment financing and is the capstone study of the consumer instalment credit investigation. Dealing with consumer purchases made possible either through commodity sales credit extended by dealers and producers, and through them by sales finance companies, industrial banking companies and commercial banks, or through cash instalment loans extended by personal finance companies, industrial banking companies, credit unions, and commercial banks, this study illustrates the important role of instalment credit in the American economy.

Personal Finance and Management for the Army Officer (D. Appleton-Century Company, 35 West 32nd Street, New York City, 185 pages, $1.50)—In times of war, commissioned officers of the United States Army, regardless of rank or experience, are faced with extraordinary problems in the management of their personal affairs. This book has been written to aid the army officer (particularly the junior officer—second lieutenant to colonel) to solve these financial problems wisely and well. In concise, helpful detail, Lieutenant Colonel Hutchinson, the author, discusses service obligations such as the purchase of uniforms and equipment, and army pay and allowances. He then supplies helpful information (which an officer can work out with his family) on controlling household expenditures, wise spending, using a bank account, credit, insurance (both general and Government), savings and investments, maintaining a home, owning a car, and taxes. Final chapters go into the rights of personnel of the army and their dependents in the event of death or disability. This book is the only one of its kind for army officers. It should be welcomed by credit executives and all those who sell merchandise and services to army personnel.

CURRENT BUSINESS CONDITIONS

The Barometer

Industrial activity during May held at the previous high level as pressure of war work outweighed the effects of diminishing consumer durable goods output.



This barometer appears in the July issue of "Nation's Business," published by the United States Chamber of Commerce.

The Map

In all parts of the country, business activity is being maintained at peak levels, although conditions vary widely among different lines of business. In spite of the curtailments, which have become more drastic in many industries, employment and the total output of factories have increased close to 20 per cent. Retail trade and other fields of business have been slowing down somewhat, but they are still higher than they were a year ago in almost every community.

Some further narrowing of the spread between this year and last year is likely to take place during the coming months as at this time last year business was forging ahead very rapidly. The outlook is for a continued high level of activity with increases in output for war purposes exceeding the reduction in the production of civilian goods.

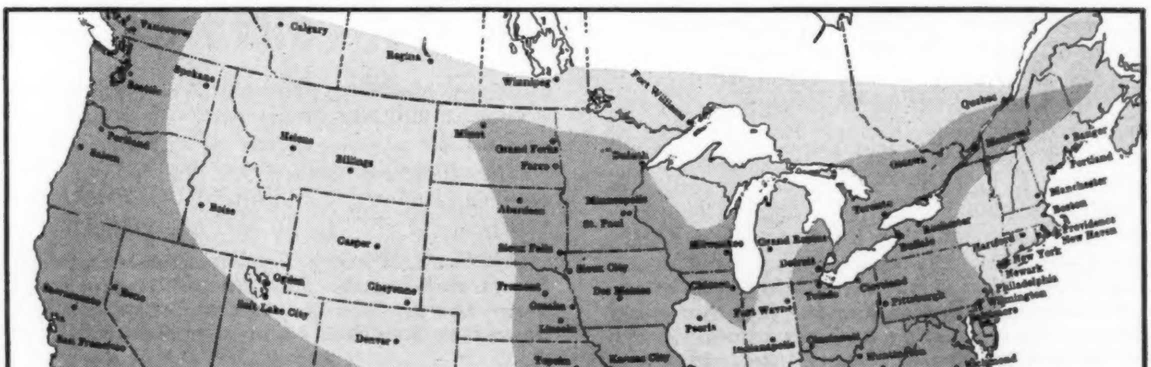
Greatest gains have been reported in the East and also along the West Coast. Advances have been almost as great in the Middle West, around the Great Lakes, and in Texas.

In several cities of New England, business is lagging behind and in a few places it is even below last year. Shipping difficulties and shortages of fuel to supply power for industry have handicapped some factories. Gasoline rationing has also greatly affected business in recent weeks and will continue to keep down activity in many lines, especially in consumer goods and services.

Favorable crop prospects and relatively stable farm prices have kept up consumer buying in the agricultural regions of the Middle West and throughout the South.

Large shipments of goods abroad, as well as the unusually high rate of shipbuilding, have stimulated business in cities along both Coasts. Much of the aircraft manufacturing capacity is also located in these regions, and employment in these industries has been rapidly expanding. Larger pay rolls result in additional retail trade and greater business activity.

In Canada, the most striking improvements continue to be made in the industrial regions north of the Great Lakes and in the West.



COMMENTS

By the Editor

It Was a WARTIME Convention

From the sound of the gavel . . . opening the 30th Annual Conference and Credit Sales Forum on Monday afternoon at 2:00 until the final order of business Thursday afternoon at 12:30, the discussions were largely on credits in wartime, the contribution of the credit fraternity toward winning the war and full cooperation with the Federal Reserve System in the administration of Regulation W. All the addresses were outstanding —indeed, as fine as any in the history of National Association Conventions.

The Wednesday afternoon session was devoted to a discussion of Regulation W as amended May 6. The convention hall was filled to capacity, with more than 1,100 present. Representing the Federal Reserve Board were the Honorable Ronald Ransom, Vice-Chairman, Board of Governors of the Federal Reserve System; Dr. Carl E. Parry, Chief, Division of Security Loans, Federal Reserve System; and Mr. Lloyd B. Raisty, Federal Reserve Bank of Atlanta. The Chairman of the meeting, Past President, L. L. Meyer of Houston, presided in a masterful manner, and the splendid cooperation of Mr. Ransom, Dr. Parry and Mr. Raisty contributed much to the success of the forum. ***Many stated that it was the shining light of the conference, notwithstanding the fact that every address was interesting and constructive and a distinct contribution to the most successful conference in the history of our National Association.***

The several group meetings, as in the past, were interesting and instructive. A general meeting of all groups was held Monday morning, to enable everyone to attend the Wednesday afternoon forum and at the same time permit attendance at three group meetings during the conference. The various groups met separately on Tuesday and Thursday afternoons, with highly satisfactory results.

The delegates signified their appreciation in connection with the activities of the National Association in assisting its members on problems created by Regulation W. Considerable interest was manifested in our booklet, *The Layman's Handbook of Regulation W*, which will be published about July 15.

The New Orleans Convention Committee deserves praise for their part in making the Convention outstanding and in providing entertainment "after the day's work was done." As usual, the entertainment of delegates was confined to evenings.

President Bolen presided over sessions like a veteran and was highly complimented for his fine work.

The 1943 conference will be held in Milwaukee, June 21, 22, 23 and 24, provided conventions are not banned for the duration.

All in all, it was a fine meeting and judging from remarks, the 965 delegates returned to their homes feeling that their participation proved an excellent business investment.

L. S. Crowder

General Manager-Treasurer